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TERMS USED IN INTERNATIONAL AGRICULTURAL TRADE

FAS—M—152 Revised
APRIL 1967

FOREIGN AGRICULTURAL SERVICE • U.S. DEPARTMENT OF AGRICULTURE

TERMS USED IN INTERNATIONAL AGRICULTURAL TRADE
(Revised)

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The vocabulary of international agricultural trade is large--and still growing. Today's lexicon includes terms from many fields--tariffs, trade negotiations, trade and aid legislation, monetary matters, international organizations, economic and political groupings of nations, and others.

Some expressions--"skimmings," "bindings," and "lump sum"--border on jargon. Some have identical meanings, as, for instance, "gate price," "lockgate price," "sluice-gate price," and "minimum import price." Others, such as "agricultural protection" and "agricultural protectionism," seem to have identical meanings when, as a matter of fact, their meanings are not identical. Abbreviations abound--GATT, CAP, QR, LDC, IWA, and COMECON. A few terms come from other lands--"agio," "montant de soutien," "scheme"; whereas several are as American as apple pie--"piggy backing" and "poultry war."

Brevity has been the goal in defining terms. However, it was deemed desirable to discuss some subjects in detail. Examples are "General Agreement on Tariffs and Trade" and "European Economic Community," for which the entries include a brief history with pertinent dates. In a few instances, related subjects have been brought together, for coherence, in a single entry; e.g., "Tariffs, duties, and levies."

It has not been possible to provide the final word in all cases. The vocabulary for some programs, such as Food for Freedom, is, along with the programs, still evolving. Nor does the treatment pretend to be all-inclusive. Not listed are dozens of special trade terms used in connection with cotton, textiles, grain, tobacco, and other commodities widely bought and sold in world markets. Not included are economic, monetary, and political expressions having only a tenuous relationship to trade.

This compilation is a revision of the original issued three years ago. In view of the rapidly changing trade picture, further updating may well be necessary a few years hence.

Abandonment: Refusal of a consignee to accept delivery of freight that has been so badly damaged in transit as to be worthless.

Absolute quotas: See Quantitative restrictions.

ACEP: Advisory Committee on Export Policy (see).

Across-the-board (linear) tariff negotiation: A method of negotiation through which uniform percentage reductions may be made in duties on major categories of items. It contrasts with the so-called item-by-item type of reduction.

The United States had envisaged for the sixth or Kennedy Round of trade negotiations under the General Agreement on Tariffs and Trade a linear negotiation for virtually all industrial and agricultural products as compared with the item-by-item approach used in the previous five rounds. However, it appears that for agriculture, and to some extent for industry, the linear approach will be used to a much smaller extent than was expected earlier. Not likely to be subject to linear negotiation are cereals, and some dairy and meat products--representing large segments of U.S. agricultural trade. Other commodities on which the United States will not make offers are, of course, not subject to negotiation at all. But the United States still intends to use the linear approach to the maximum extent possible. U.S. agricultural offers made September 16, 1965, were all based on the linear concept--a 50-percent tariff cut across the board.

Additionality: "In addition to normal trade." In considering P.L. 480 transactions, the U.S. Department of Agriculture tries to make sure that they will mean exports over and above those that otherwise might be sold for cash.

Adjusted c.i.f. price: See Common agricultural policy terms.

Admiralty court (and law): A court with jurisdiction over legal actions arising out of maritime contracts or operations. Admiralty actions come under admiralty law, which governs disputes involving maritime commerce or other occurrences at sea, such as piracy, barratry, and salvage. Admiralty law is a blend of national and international law.

Admission temporaire: Literally "temporary admission," a customs device which permits free importation of dutiable merchandise destined for eventual re-exportation after undergoing manufacture or other transformative process. A major purpose of admission temporaire is similar to that of the "drawback"; that is, to place the domestic exporting industry on a more nearly equal plane of competition with foreign industry by providing free admission to foreign materials employed in export manufacture. (Also see Drawback.)

Ad. val. or A.V.: Ad valorem. (Also see Tariffs, duties, and levies.)

Ad valorem duty: See Tariffs, duties, and levies.

Ad valorem equivalent: In the Trade Expansion Act of 1962, the ad valorem equivalent of a specific rate or, in the case of a combination of rates including a specific rate, the sum of the ad valorem equivalent of the specific rate and of the ad valorem rate. The ad valorem equivalent is determined on the basis of the value of the imports of the article concerned during a period determined to be representative.

Advisory Committee on Export Policy (ACEP): An interagency committee that coordinates policy problems arising under export control operations administered by the Department of Commerce. (Also see Export control of U.S. agricultural products.)

Affreight: To charter, as a vessel, for carrying cargoes.

Affreightment: The contract for the use or service of a ship for carrying merchandise. Also refers to the freight carried.

African countries and islands: African countries and islands are markets for U.S. farm products--and they also produce some commodities that compete with U.S. output. Since 1960 political changes--and name changes--have come rapidly.

The following summary shows for each country of Africa (a) if independent, the country or countries that formerly exercised control and the year independence was granted, or (b) if not independent, the country that now exercises control:

ALGERIA--France, 1962; ANGOLA--Portugal; BOTSWANA (formerly Bechuanaland) --U.K., 1966; BURUNDI--Belgium, 1962; CAMEROON--France, 1960; CANARY ISLANDS--Spain; CAPE VERDE ISLANDS--Portugal; CENTRAL AFRICAN REPUBLIC--France, 1960; CHAD--France, 1960; COMORO ISLANDS--France; CONGO, REPUBLIC OF (Brazzaville)--France, 1960; CONGO, DEMOCRATIC REPUBLIC OF THE (Kinshasa)--Belgium, 1960; DAHOMEY--France, 1960; EQUATORIAL GUINEA (Fernando Po & Rio Muni)--Spain; ETHIOPIA--independent since ancient times; FRENCH SOMALILAND--France; GABON--France, 1960; GAMBIA--U. K., 1965; GHANA--U. K., 1957; GUINEA--France, 1958; IFNI--Spain; IVORY COAST--France, 1960; KENYA--U. K., 1963; LESOTHO (formerly Basutoland)--U. K., 1966; LIBERIA--independent since 1847; LIBYA--Italy, 1951; MADEIRA ISLANDS--Portugal; MALAGASY REPUBLIC (formerly Madagascar)--France, 1960; MALAWI (formerly Nyasaland)--U. K., 1964; MALI--France, 1960; MAURITANIA--France, 1960; MAURITIUS--U. K.; MOROCCO--France, 1956; MOZAMBIQUE--Portugal.

NIGER--France, 1960; NIGERIA--U. K., 1960; PORTUGUESE GUINEA--Portugal; REUNION--France; RHODESIA (formerly Southern Rhodesia) --unilaterally declared independence from U. K. in 1965; RWANDA--Belgium, 1962; SAO TOME & PRINCIPE--Portugal; SENEGAL--France, 1960; SEYCHELLES--U. K.; SIERRA LEONE--U. K., 1961; SOMALI REPUBLIC--U. K. and Italy, 1960; SOUTH AFRICA, REPUBLIC OF--U. K., 1910;

SOUTH-WEST AFRICA--Republic of South Africa; SPANISH SAHARA--Spain; SUDAN--U. K. and U.A.R., 1956; SWAZILAND--U. K.; TANZANIA (merger of Tanganyika and Zanzibar)--Tanganyika, U. K., 1961--Zanzibar, U. K., 1963 (merger took place in 1964); TOGO--France, 1960; TUNISIA--France, 1956; UGANDA--U. K., 1962; UNITED ARAB REPUBLIC (Egypt)--U. K., 1922; UPPER VOLTA--France, 1960; ZAMBIA (formerly Northern Rhodesia)--U. K., 1964.

Agency for International Development (AID): Carries out, within the Department of State, nonmilitary U.S. foreign assistance programs in friendly underdeveloped countries and areas, as follows:

Promotes economic development through loans (repayable in dollars). The emphasis is on assisting long-range plans and programs to develop economic resources and productive capabilities.

Promotes economic development through grants, with emphasis on education and the development of human resources, through programs of technical cooperation and establishment of basic facilities.

Facilitates participation of private enterprise in furthering the development of economic resources by insuring investments against specified political risks, or by protecting them in part against all risks.

Encourages investment surveys by private enterprise of investment opportunities, other than surveys of extraction opportunities, by financing up to 50 percent of the cost of the surveys.

Seeks new or improved ways of increasing the effectiveness of economic development activities.

Makes grants to organizations functioning in the field of economic development.

Helps nations contributing to free world defense.

Meets emergency requirements of less-developed countries.

Assists Latin America carry out plans for social and economic development under the Alliance for Progress.

Administers certain programs under Public Law 480, mainly loans and grants for economic development (including Cooley Amendment loans) and military assistance. AID also administers emergency programs under Title II, and certain functions under Title III. Headquarters: Washington, D.C.

Agio: The difference between the real and nominal value of a currency, as revealed by rates of exchange.

Agricultural attaches: Attaches (pronounced atta-shays), under the administrative direction of the Foreign Agricultural Service, U.S. Department of Agriculture, but members of the U.S. Embassy "team" in their country of assignment, are stationed at 59 posts throughout the world. Most of their numerous responsibilities fall into three major categories: (1) Representing U.S. agriculture in their country of assignment; (2) reporting on foreign supplies of agricultural commodities, marketing opportunities, statistics, agricultural policies, programs, and related matters; and (3) maintaining and developing foreign markets for U.S. agricultural products.

U.S. attache posts are as follows: ARGENTINA (Buenos Aires); AUSTRALIA (Canberra); AUSTRIA (Vienna); BELGIUM and LUXEMBOURG (Brussels); BRAZIL (Rio de Janeiro and Sao Paulo); CANADA (Ottawa); CHILE (Santiago); COLOMBIA (Bogota); CONGO (Kinshasa) and also covers Angola, Burundi, Cameroon, Central African Republic, Chad, Gabon, Congo (Brazzaville), and Rwanda; COSTA RICA (San Jose) and also covers Panama; DENMARK (Copenhagen) and also covers Norway; DOMINICAN REPUBLIC (Santo Domingo) and also covers Haiti, Jamaica, and Bahamas; ECUADOR (Quito); EL SALVADOR (San Salvador) and also covers Nicaragua; FRANCE (Paris); GERMANY, WEST (Bonn and Hamburg); GREAT BRITAIN and NORTHERN IRELAND (London); GREECE (Athens); GUATEMALA (Guatemala City) and also covers Honduras and British Honduras; HONG KONG (Hong Kong); INDIA (New Delhi and Bombay) and also covers Nepal;IRAN (Tehran);IRELAND (Dublin);ISRAEL (Tel Aviv) and also covers Cyprus;ITALY (Rome and Milan); JAPAN (Tokyo); KENYA (Nairobi) and also covers Malagasy Republic, Somali Republic, Uganda, and Tanzania; LEBANON (Beirut) and also covers Jordan and Syria; LIBERIA (Monrovia) and also covers Gambia, Guinea, Ivory Coast, Mali, Mauritania, Portuguese Guinea, Senegal, Sierra Leone, Spanish Sahara, and Upper Volta; MALAYSIA (Kuala Lumpur) and also covers Brunei;MEXICO (Mexico City); MOROCCO (Rabat) and also covers Libya and Tunisia; NETHERLANDS (The Hague); NEW ZEALAND (Wellington); NIGERIA (Lagos) and also covers Dahomey, Fernando Po, Ghana, Niger, Principe, Rio Muni, Sao Tome, and Togo; PAKISTAN (Karachi); PERU (Lima); PHILIPPINES (Manila); POLAND (Warsaw); PORTUGAL (Lisbon); RHODESIA (Salisbury) and also covers Malawi, Mozambique, and Zambia; SOUTH AFRICA, REPUBLIC OF (Pretoria) and also covers Basutoland, Botswana, South-West Africa, and Swaziland; SPAIN (Madrid); SWEDEN (Stockholm) and also covers Finland; SWITZERLAND (Bern); THAILAND (Bangkok); TRINIDAD & TOBAGO (Port-of-Spain) and also covers Guyana, French Guiana, British, French and Netherlands West Indies, and Surinam; TURKEY (Ankara); UNITED ARAB REPUBLIC (Cairo) and also covers Sudan; URUGUAY (Montevideo); U.S. MISSION TO THE EUROPEAN COMMUNITIES (Brussels); U.S. MISSION TO THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (Paris); U.S.S.R. (Moscow); VENEZUELA (Caracas); YUGOSLAVIA (Belgrade).

Agricultural protection: A broad term applied to customs tariffs, quantitative restrictions, and administrative measures designed to keep foreign competition from diminishing farmers' opportunities to sell in domestic markets. All countries protect their agricultures.

The United States has established tariffs for imported farm commodities which compete with American agriculture--but at rates of duty which average a

moderate 10 percent ad valorem, the lowest for any major agricultural country in the world. In the case of a few other products for which U.S. Department of Agriculture programs are in effect, quotas have been established under Section 22, Agricultural Adjustment Act of 1933. Also, imports of sugar are regulated by the Sugar Act of 1948, as amended. Under "administrative" protection measures, imports of farm commodities may be prohibited or restricted by law. For example, the United States prevents the entry of diseased animals, seeds, and plants for the protection of U.S. farmers and the population generally. Also, the United States, for purely sanitary reasons, inspects imported meat and food products before they are allowed entry.

Agricultural protectionism: A term implying excessive protection, or overprotection, of agriculture. Many foreign countries shield their producers unduly from the competition of agricultural imports, virtually insulating their agricultures from competition. Such protectionism hampers the operation of comparative advantage and often fosters uneconomic domestic production. "Protectionism," therefore, is an exaggerated form of "agricultural protection."

Agricultural Trade Development and Assistance Act of 1954, as amended: See Public Law 480.

AID: Agency for International Development (see).

Alliance for Progress: A development program for Latin America launched August 1961 at Punta del Este, Uruguay, by 20 of the 21 states, Cuba abstaining. The Alliance for Progress calls for improvements in incomes, rate of economic growth, trade, land policies, agricultural production and marketing, education, public health, housing, and other economic and social areas. The Latin American countries have agreed to commit their own resources to the program and to make necessary reforms. The United States has pledged financial and technical cooperation, including a substantial part of the estimated minimum of $20 billion required from outside sources in the 10 years following inception of the program.

Alongside: The side of the ship. Goods to be delivered alongside are to be delivered to the dock or lighter from which they can be loaded aboard the ship.

American selling price tariff: See Tariffs, duties, and levies.

Anti-Dumping Act of 1921: See Dumping.

Anti-dumping duty: See Tariffs, duties, and levies and also Dumping.

Arab World: Usually refers to countries that speak the Arabic language. These include Morocco, Mauritania, Algeria, Tunisia, Libya, Egypt, Sudan, Aden, Yemen, Saudi Arabia, Kuwait, Bahrein, Muscat and Oman, Trucial States, Qatar, Iraq, Syria, Lebanon, and Jordan.

Arbitration: See Cotton arbitration boards.

Asia: As used by the U.S. Department of Agriculture, includes the countries east of the Aegean and Red Seas and south of Asiatic U.S.S.R., including Japan, Taiwan, Ryuku Islands, the Philippines, Indonesia, Ceylon, and the Federation of Malaysia.

Asian Development Bank: Established August 22, 1966, to elicit significant amounts of capital from Asian countries as well as from outside sources as a means of promoting Asian development.

Regional members include Afghanistan, Australia, Cambodia, Ceylon, China (Nationalist), India, Indonesia, Japan, Korea, Laos, Malaysia, Nepal, New Zealand, Pakistan, Philippines, Singapore, South Vietnam, Thailand, and Western Samoa. These countries have subscribed a total of $650 million, of which Japan's $200 million is largest.

Non-regional members include Austria, Belgium, Canada, Denmark, Finland, West Germany, Italy, Netherlands, Norway, Sweden, Switzerland, United Kingdom, and United States. These countries have subscribed $355 million, of which the $200 million of the United States is largest, bringing the grand total to $1,005 million.

Headquarters: Manila, Republic of the Philippines.

Associated territories: See European Economic Community.

A.T.: American terms.

Autonomous tariff: See Tariffs, duties, and levies.

Balance of payments (BOP): An accounting statement setting forth economic transactions involving the exchange of goods, services, gold, and capital claims between a country and foreign countries.

The United States, for example, pays other countries for merchandise imported and services provided, such as shipping, insurance, and accommodations for tourists. The United States makes other outlays to foreign countries for economic and military assistance; for investment--short- and long-term capital (see) and direct (see); and private remittances, pensions, and other transfers. The United States receives funds from other countries, mainly in payment for merchandise exports and services, mutual defense, investment, and repayments on U.S. Government loans.

A balance of payments deficit occurs when total payments to foreign countries are greater than receipts from foreign countries. In the case of the United States, a deficit means the accumulation abroad of U.S. dollar reserves, part of which the official monetary agencies of foreign countries convert to gold. Persistent balance of payments deficits in recent years--the cumulative deficit between 1960 and 1965, inclusive, was $15.2 billion--have brought

about substantial decreases in U.S. gold reserves. Between January 1, 1960, and December 1, 1966, U.S. gold reserves dropped from $17.8 billion to $13.2 billion. The high point in gold reserves was $24.8 billion in August 1949.

Balance of payments deficits can be corrected over the long run by measures to increase receipts, reduce the volume of payments, or both. Among other measures to improve the U.S. balance of payments, the United States is seeking to increase exports of both agricultural and industrial products, and is asking for voluntary restraints on foreign investment of U.S. funds.

Agricultural exports are giving the United States substantial balance of payments help. From 1960 through 1965, overseas cash sales of U.S. farm products brought back to the United States $23.6 billion. Also, features of the P.L. 480 program enabled the United States to avoid dollar outlays amounting to $1.4 billion over the 6-year period. The aggregate contribution of agricultural exports to the U.S. balance of payments since 1960, therefore, was $25.0 billion.

Balance of trade (BOT): The difference in value between a country's merchandise imports and exports in a specified period. The balance of trade, in the sense of the difference in value between imports and exports, is called "favorable" when exports exceed imports and "unfavorable" when the reverse occurs.

A country's balance of trade is only one factor in its balance of payments (see). The United States has had a favorable balance of trade in almost every year since 1874. In calendar year 1965 the United States had a favorable trade balance of $4.8 billion--yet had a balance of payments deficit of $1.3 billion.

Baltic States: Latvia, Lithuania, and Estonia. Although the Soviet Union has physical control of these countries, the United States does not recognize their annexation. The United States continues to maintain diplomatic and consular relations with representatives of the last free governments of these countries. Latvia and Lithuania maintain legations in Washington. Estonia has a Consulate General in Charge of Legation in New York City.

Barter program: See Public Law 480, Title III.

Benelux: A customs union agreement signed in 1944 by Belgium, the Netherlands, and Luxembourg. (Belgium and Luxembourg had formed an economic union in 1921 and it continued to exist independently.) Later there were negotiations between Benelux, France, and Italy and discussion of their merger into a body to be called Fritalux. However, interest eventually shifted to plans for a wider union which, in 1958, became the European Economic Community.

Bilateral: Two-party or two-country, as a bilateral trade agreement between countries. Bilateral trade agreements between two countries to exchange specified products limit opportunities of third countries to trade with the two nations and are looked upon by the United States as a form of nontariff trade barrier.

Bill of exchange (draft): See U.S. export financing.

Binding--Bound duty: See Tariffs, duties, and levies.

Bloc countries: Usually refers to countries of the Soviet Bloc (see).

Blocked currency: See Exchange restrictions.

Blocked exchange: See Exchange restrictions.

Bonded warehouse: A warehouse in which goods subject to excise taxes or customs duties are temporarily stored without the taxes or duties being assessed. Security is given for the payment of all taxes and duties that may eventually become due. Such an establishment is supervised by public revenue officers.

Bottom: Usually synonymous with "vessel" or "ship." If the vessel is registered in the United States, it is a "U.S. flag vessel." If registry is other than U.S., it is, in U.S. usage, a "foreign flag vessel."

Bound duty--Binding: See Tariffs, duties, and levies.

Bourse: A European expression for a security (stock) or commodity exchange.

British Commonwealth: See Commonwealth--British Commonwealth.

Brussels Tariff Nomenclature (BTN): A uniform method of classifying commodities for tariff purposes. The BTN--officially known as the Nomenclature for the Classification of Goods in Customs Tariffs--was developed at Brussels in 1955 by the Customs Cooperation Council. It is supplemented by a 3-volume index, published in several languages, for the guidance of customs officers.

The BTN is somewhat similar to the Standard International Trade Classification (see). The BTN groups the goods handled in international trade in sections, chapters, and subchapters, which have been given titles relative to the types of products they cover. For example, Section 1 (live animals; animal products) contains Chapter 1 (live animals) and Subchapter 01.03 (live animals of the bovine species) which includes oxen, cows, bulls, yearling bulls, bullocks, steers, heifers and calves, and all animals of the buffalo family. Such classifications facilitate tariff negotiations and other trade contacts by providing an internationally understood nomenclature.

Use of the BTN was given impetus when it was adopted in 1958 by the European Economic Community. Now it is used by Austria, Belgium, Denmark, Finland, France, West Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, Yugoslavia, Argentina, Bolivia, Brazil, Colombia, Haiti, Mexico, Peru, Algeria, Angola, Burundi, Cameroon, Central African Republic, Chad, Congo (Brazzaville), Congo (Kinshasa), Dahomey, Gabon, Ghana, Guinea, Ivory Coast, Libya, Malagasy Republic, Mali, Mauritania, Morocco, Niger, Nigeria, Rwanda, Senegal, Republic

of South Africa, Spanish Africa, Tunisia, Upper Volta, Australia, Cambodia, Japan, South Korea, Laos, Philippines, Thailand, South Vietnam, Iraq, Israel, Jordan, Lebanon, Pakistan, Syria, Turkey, and United Arab Republic.

A few countries, among them Burma, Cyprus, and New Zealand, use the Standard International Trade Classification rather than the BTN in establishing their tariff classifications. Most of the remainder, notably the United States, Canada, and India, have individual systems based on their respective tariff laws.

Brussels Treaty Organization (BTO): **See Western European Union.**

Buffer stock agreement: See International commodity agreement or arrangement.

Bureau of Customs, U.S.: An agency of the U.S. Treasury Department, the Bureau collects duties and taxes due on imported merchandise and baggage, including countervailing duties to offset foreign subsidies, and antidumping duties to offset unfair price competition.

Other responsibilities of the Bureau include the entry, clearance, and report of arrival and the unlading of vessels, vehicles, and aircraft; the prevention and detection of smuggling operations and the seizure of merchandise, vessels, and vehicles involved; the exclusion from entry of prohibited articles; the control of imports subject to established quotas; the enforcement of the export control programs to insure compliance with the export control and licensing requirements of the Atomic Energy Commission; the allowance of drawback on exported merchandise; the customs treatment of merchandise in foreign trade zones; the verification of import and export statistics for the Bureau of the Census; and administration of certain navigation laws.

The Bureau has nine Regional Offices providing line supervision over 42 District Offices and more than 350 customs ports and stations, which provide customs services to the public. Headquarters: Washington, D.C.

Bureau of Economic Affairs, U.S. Department of State: Responsible for development of economic aspects of overall U.S. foreign policy. The Bureau carries on five distinctive lines of work involving: Commercial affairs and business activities; international monetary affairs; international trade policy and economic defense; international resources; and transportation and telecommunications. Headquarters: Washington, D.C.

Bureau of International Commerce, U.S. Department of Commerce: Seeks to increase U.S. exports of industrial and agricultural goods. It advances this objective by: (1) Providing services and information that make it easier for American businessmen to trade abroad; (2) operating trade centers, organizing trade missions, running trade fair exhibits and other marketing devices to promote U.S. goods in markets abroad; (3) working with other Government agencies and international organizations to create a climate in which international trade and investment can flourish; (4) presenting the views of traders and investors in governmental councils; and (5) working out policies and procedures

which make it simpler and more profitable to do business abroad.

The Bureau has five Offices: International Regional Economics (OIRE), International Trade Promotion (OITP), International Investment (OII), Export Control (OEC), and Commercial and Financial Policy (OCFP). Headquarters: Washington, D.C.

B.W.I.: British West Indies.

Cabotage: Identified in international law with the coasting trade; that is, navigating and trading along the coast and between the parts thereof.

CACM: Central American Common Market (see).

C.a.f.: Cost and freight.

Cambist: 1. A person who buys and sells bills of exchange or who is a specialist in foreign exchange matters. 2. A compendium of data about the currencies of various countries, the rates of exchange, and related matters.

Canadian Wheat Board: A quasi-governmental agency, established in 1935, that markets Canadian wheat, oats, and barley--but mainly wheat--on behalf of producers in Manitoba, Saskatchewan, and Alberta, and in specified areas of British Columbia and Ontario.

The marketing system works as follows: Commercial grain is put into annual marketing "pools" by grade, the pool period extending from August 1 of one year through July 31 of the following year. The Board then endeavors to market the grain to buyers, both domestic and foreign. Unsold grain is transferred to the pool established for the next year. The overall procedure insures a uniform per-bushel return, excluding storage costs, to all producers for each grade, regardless of the time they deliver their grain to elevators. (The flow of grain from farm to terminal is closely regulated, some producers delivering their grain earlier than others.)

Farmers are given a per-bushel initial payment, which is, less certain fixed charges, a price guarantee. The final return to the farmer will depend on the final disposition of the pool, which may not be settled until the next pool has been under way for some months.

After deduction of the fixed charges, Central Saskatchewan producers received for 1964 wheat an initial payment of $1.28 (Canadian dollars) per bushel for Manitoba Northern No. 2, the grade making up the biggest percentage of Canada's wheat marketings. (Interim payments may be made, but haven't been since 1960.) The final payment to Central Saskatchewan producers for their 1964 wheat amounted to 0.387 cents a bushel, bringing their final return for No. 2 grade to $1.667 a bushel.

CAP: Common agricultural policy (see) of the European Economic Community.

Capital flight: The movement out of a country of capital (mainly short-

term) into foreign securities, gold, or other semi-liquid assets as a result of an adverse economic circumstance, such as inflation, devaluation, and the like.

Capital flow: The natural movement of investment or speculative capital from one point of the economy to another or from one country to another.

Carcass weight: The weight of an animal after slaughter and removal of internal organs except kidneys, head, internal leaf fat, and skin. Carcass weight of hogs includes the feet, head, and skin.

Carcass weight equivalent: The calculated carcass weight corresponding to the product weight of various meat cuts and products--a common denominator for deriving amounts of meat produced, traded, and consumed.

Cargo: Merchandise or freight carried by a vessel other than supplies for passengers and crew. "Special cargo" is a single commodity, such as crude oil or bauxite. "General cargo" consists of mixed and varied commodities.

Cargo Preference Act (P.L. 664, 83d Congress): Provides that "whenever the United States procures, contracts for, or otherwise obtains for its own account, or furnishes to or for the account of any foreign nation without provision for reimbursement, any equipment, materials, or commodities, within or without the United States, or shall advance funds or credits or guarantee the convertibility of foreign currencies in connection with the furnishing of such equipment, materials, or commodities," the United States shall ship in U.S. flag vessels, to the extent that they are available at fair and reasonable rates, at least 50 percent of the gross tonnage involved.

Caribbean Free Trade Association (CARIFTA): A free trade pact entered into late in 1966 by Antigua, Barbados, and Guyana (formerly British Guiana). The free trade area thus formed is intended to create industrial opportunities and investment incentives by "the harmonious development of Caribbean trade."

Soon all import duties will be removed from goods manufactured in the three territories. This means goods that have been either wholly produced in the area or goods whose import content does not exceed in value 50 percent of the f.o.b. export price. Exceptions include special arrangements for the progressive elimination of import duties on paints, detergents, metal and wood furniture, and several other non-agricultural items.

The governments shall not apply revenue duties and internal taxation directly or indirectly to imported goods, with the exception of rum, for which special arrangements are provided for the progressive elimination of protective revenue duties. No quantitative import or export restrictions shall be applied, except for margarine exports of Barbados and Guyana. Member territories shall not maintain or introduce forms of aid for exported goods. Aid in this context includes currency retention "bonus" schemes, subsidies, and special tax exemptions. For all three countries preferential Commonwealth treatment will be continued.

Location of headquarters or secretariat had not been announced as this

publication went to press.

Cartel: An alliance or arrangement among industrial or commercial enterprises in the same field of business aimed at obtaining a monopoly of the market. Modern usage tends to restrict the meaning of the term to international rather than to domestic trade.

Cash sales: See U.S. export financing.

CCC: Commodity Credit Corporation (see).

CCC cost: See Export market value.

CEMA: Council for Economic Mutual Assistance (see). CEMA also is referred to as COMECON.

Cental: A weight unit of 100 pounds avoirdupois. When defined as "hundredweight" or "cwt.," the equivalent is 100 pounds--not the 112-pound British hundredweight.

Central African Economic and Customs Union (UDEAC): Made up of Central African Republic, Chad, Congo (Brazzaville), Gabon, and Cameroon. There are two basic customs charges: (1) Nonpreferential import duty averaging from 6 to 15 percent; and (2) common external tariff (which exempts France and the other EEC countries, franc-zone countries in Africa, and Algeria) with duties (called customs duties) averaging from 5 to 30 percent. Headquarters: Bangui, Central African Republic.

Central American Common Market (CACM): Comprised of Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua. More than 90 percent of the CACM's tariff rates have been equalized in a common external tariff. Trade among member countries, with few exceptions, is relatively free. External duties are low on raw materials and essential imports, substantial on some consumer goods, and very high on luxury products and goods competitive with domestic production. Secretariat: Guatemala City, Guatemala.

Central bank: A central monetary organization, controlling such fiscal and monetary operations as issuance of money, level of interest rates, exchange reserves, debt funding, and the like. The Bank of England is a central bank.

Certificate of origin: A certificate presented by the importer to customs officials showing the origin of imported goods. It is required by many countries for goods upon which preferential tariff rates are claimed, or which are subject to any discount from the regular tariff rates by reason of treaties, minimum rates, et cetera, involving origin of goods.

CET: Common external tariff--but more commonly CXT.

Charter party: The contract between the owner of a vessel and shipper for the letting of the vessel or a part thereof. The contract was originally divided ("partie" in French) and half of the contract given to each contractor, hence

charter "party."

CICT: Commission on International Commodity Trade (see).

C.i.f.: Cost, insurance, freight. Also, C & F, cost and freight; C.F.I., cost, freight and insurance; C.i.f. & c., cost, insurance, freight, and commission; C.i.f.c.& i., cost, insurance, freight, commission, and interest; and C.i.f.i.& e., cost, insurance, freight, interest, and exchange.

Cost, insurance, and freight, used for both domestic and export sales, means generally that the quoted price includes the cost of the goods, the freight charges to a named destination, and the insurance charges on the shipment. Under such terms, the seller is responsible for arranging for the transportation of the goods to the named point, for paying the freight charges, and for either insuring the shipment or assuming responsibility for any loss or damage during shipment. The buyer is responsible only for the local delivery of the goods and import duties. The same general principle holds when the price quotation includes other charges, such as commission, interest, and exchange.

Clearing agreement: Agreement between two or more countries concerning the settlement of trade and payments balances through the central banks of the nations concerned.

Collector of customs: In the United States, the chief administrative officer of the customs district. He is charged with the collection of the customs revenue and the enforcement of customs revenue laws. His responsibilities also involve administration of laws relating to the documenting of vessels and to commerce and navigation. (Also see Bureau of Customs.)

Colombo Plan: A coordinated program for the general economic development of the countries of Southeast Asia. Each country of the area prepares and carries out its own development program, with assistance from "donor" countries. There is no "master plan."

The idea for the plan was born at a meeting of British Commonwealth Foreign Ministers, held at Colombo, Ceylon, in January 1950. The Plan was put into effect in June 1951. It covers 15 recipient countries--Afghanistan, Burma, Cambodia, Ceylon, India, Indonesia, Laos, Malaysia, Nepal, Pakistan, Philippines, Singapore, South Korea, South Vietnam, and Thailand. Iran is expected to become a recipient member in 1967. By the middle of 1964, the six major donor nations, namely the United States, United Kingdom, Canada, Australia, New Zealand, and Japan, had made available almost $15 billion in aid, of which the United States was by far the largest contributor.

Combination export manager: See Export services.

COMECON: Council for Economic Mutual Assistance (see). (Also referred to as CEMA.)

Commercial treaty: An agreement between two or more countries setting forth the conditions under which business among the countries may be carried on.

The treaty, for example, may outline tariff privileges, terms on which property may be owned, the manner in which claims may be settled, and the like.

Commission on International Commodity Trade (CICT): An agency of the United Nations established in 1954. Its purpose is to review world primary commodity markets; submit periodic reports to the UN's Economic and Social Council on its work; publish statistical reports on prices, terms of trade, and other matters relating to trade in primary commodities. Headquarters: New York City.

Commodity agreement or arrangement: See International commodity agreement or arrangement.

Commodity Credit Corporation: A U.S. Government agency, within the U.S. Department of Agriculture, responsible for carrying on price support, production stabilization, storage, commodity disposition, and related programs. CCC also carries out a number of important agricultural export activities under its charter authority as well as Public Law 480, and administers U.S. operations under the International Wheat Agreement. Export activities are discussed under the separate headings: Concessional sales; Credit sales, short- and long-term; Dollar sales of U.S. farm products overseas; Donations of U.S. foods; Export payments; International Wheat Agreement; Payment in kind (PIK) programs; Public Law 480. CCC is capitalized at $100 million and has authority to borrow $14.5 billion. Headquarters: Washington, D.C.

Common agricultural policy (CAP) of the European Economic Community: The expression refers broadly to the EEC's overall policy of changing gradually from individual country agricultural programs to a program essentially uniform throughout the area with respect to production and marketing within the EEC and trade with outside countries.

It refers more narrowly to the merging of individual country agricultural programs for specific commodities to EEC-wide programs. For example, it is said that "The EEC's common agricultural policy for grain is now in effect."

Objectives of the CAP, as stated in the Treaty of Rome, include:

(1) to increase agricultural productivity...
(2) to ensure a fair standard of living for farmers...
(3) to stabilize prices...
(4) to guarantee regular supplies, and...
(5) to ensure reasonable prices of supplies to consumers...

The Treaty of Rome provides that due account shall be taken of the particular character of agriculture and the disparity between the various regions, the need to make adjustments gradually, and the fact that agriculture is closely linked to the overall economy.

In October 1966, the EEC announced the following timetable for implementation of the common agricultural policy:

Products	Date policy brought into effect	Date of common market and common prices
Cereals	August 1962	July 1967
Pork	August 1962	July 1967
Eggs	August 1962	July 1967
Poultry	August 1962	July 1967
Fruit and vegetables I	August 1962	-
Fruit and vegetables II	January 1967	Jan. 1, 1967-July 1, 1968
Wine I	August 1962	-
Rice	September 1964	September 1967
Milk and milk products	November 1964	April 1968
Beef and veal	November 1964	April 1968
Olive oil	November 1966	November 1966
Oilseeds	July 1967	July 1967
Sugar	July 1967	July 1968

The following timetable was envisaged for products for which common agricultural policies have not yet been formulated:

Products	Commission's proposal to be made before	Date of coming into effect
Tobacco	January 1967	July 1968
Non-edible horticultural products	July 1967	July 1968
Hops	July 1967	July 1968
Fisheries	July 1967	July 1968
Wine II	-	November 1969

Certain EEC countries are calling for a CAP on potatoes, sheep, cork, and textile plants, such as flax and hemp. No decision had been taken by late 1966.

Central to the CAP is its single regulated system of prices. These price arrangements differ, but for many commodities, the EEC fixes an annual "target" price which EEC farmers should be able to obtain in the market. Common prices established thus far have been substantially higher than prices in the member state having the largest production of the commodity concerned. Many economists on both sides of the Atlantic feel that these high levels not only are inflationary, but will also mean substantial rises in production, and a consequent shrinking of markets for non-EEC exporters of farm products.

Because farming in the EEC still comprises many small, high-cost production units (two-thirds of the farms are under 25 acres), elaborate market organization schemes have been devised to keep prices at high target levels regardless of the quantities produced. Chief among these measures are variable import levies, support buying, and export subsidies. Production controls have been avoided so far, except for sugar. Deficiency payments--direct price sup-

port payments to producers--will be used only in a few instances--e.g., where the interest of consumers precludes raising Community prices to the desired target levels.

The United States has a large stake in the way the CAP takes shape. U.S. farm product shipments to the EEC totaled $1.5 billion in 1965--about 30 percent of the $5.1 billion worth of products sold for dollars in foreign markets. Of the $1.5 billion in EEC trade, CAP regulations in 1966 covered $1.1 billion, including about $350 million of duty-free products (principally oilseeds and oilcake). The EEC's variable import levy system (see) applied in 1965 to about $642 million of U.S. exports to the Community.

To implement the CAP, the EEC Council of Ministers established the European Agricultural Guidance and Guarantee Fund, which began financial operations with the 1962-63 marketing year. EAGGF consists of two sections--a Guarantee Section, covering marketing intervention and export subsidies, and a Guidance Section, dealing with agricultural development (structural) programs.

Total expenditure of the Fund approximated $200 million in 1964-65 of which about $160 million was spent under the Guarantee Section and the remainder under the Guidance Section. Expenditures are not limited to available revenues but are based on predetermined requirements.

During the initial three years of EAGGF's operations, contributions were based on a percentage share detailed in the Rome Treaty and on calculations based on the value of net agricultural imports. The resultant financial imbalance among the EEC members caused a major political and negotiating problem. The following solution was agreed upon in May 1966 by the member states:

First stage--(1965-66 and 1966-67): The member states contribute a fixed percentage of the Fund's requirements for both the Guidance and Guarantee Sections. The expenditures for the Guidance Section, however, cannot exceed one-third of the amount to be fixed for the Guarantee Section.

Second stage--(July 1, 1967 to December 31, 1969): The Guarantee and Guidance Sections will be financed separately. The contributions to the Guarantee Section shall consist of 90 percent of the money collected by the member states as import levies. (It should be noted that West Germany, as a major importer and limited exporter of agricultural products within the EEC, is a net contributor to the Fund, contributing annually about one-third of the cost while receiving only about one-fourth of the expenditures.) If sufficient revenue is not available in this manner, the deficit shall be assessed on the member states in the following fixed percentages: France, 32.0; Germany, 31.2; Italy, 20.3;Netherlands,8.2;Belgium,8.1; and Luxembourg, 0.2. Revenue for the Guidance Section will be raised in accordance with the same percentages but the total expenditure under this Section will be limited to $285 million per year.

Third stage--(after January 1, 1970): All money collected as import levies shall be transferred directly to the EEC. A decision has not yet been reached as to whether ad valorem duties are also to be paid to the EEC, as contribution percentages during this stage are still to be determined.

Common agricultural policy terms: Expressions widely used in connection with the European Economic Community's common agricultural policy include:

ADJUSTED C.I.F. PRICE: Used in determining the variable import levy for grain. In making its determination the EEC tabulates actual landed prices of grain from various non-EEC supplying countries and puts the prices on an equal-quality basis by subtracting quality differentials. The lowest landed price becomes the adjusted c.i.f. price. (Also see EEC grain import control system.)

C.i.f. prices also are determined for rice and sugar in establishing variable import levies for those products.

COMPENSATORY TAX: Imposed by the EEC on imported fruits and vegetables when the ENTRY PRICE (see) is lower than the REFERENCE PRICE (see).

CONVERSION PRODUCTS: Those farm commodities, such as poultry, eggs, and pork, whose prices under the EEC's CAP are affected by the price of feed grains (cereals component). Their value is determined by the feed cost per unit produced.

ENTRY PRICE: The estimated price of fruits and vegetables at the border of the EEC. It is calculated on the basis of prices of imported fruits and vegetables in EEC wholesale markets.

FREE-TO-FRONTIER PRICE: Also called "franco-frontier" price. It is used to set levies on intra-EEC trade. It represents the cost of grain at the borders of the respective EEC countries.

GATE PRICE: A minimum import price used by the EEC in connection with its CAP on poultry, eggs, and pork. The gate price theoretically is based on representative costs of production in non-EEC exporting countries. The same for all EEC countries with respect to commodities covered, it is fixed in advance for a 3-month period. (Also see Minimum import price.)

GUIDE PRICE: Comparable to a target price for cattle and calves. The guide price, also referred to as an orientation price, is one basis for determining if a levy is to be charged and how high it is to be.

INTERVENTION: Action by the EEC, usually purchases of products offered at the intervention price, to assure EEC farmers that CAP price objectives will be met. Intervention is a function of intervention agencies, such as FORMA (see). In the United States, intervention usually is referred to as "price support."

INTERVENTION PRICE: Analogous to the U.S. "support price," it is the level--applicable to certain commodities coming under the EEC's CAP--at which the EEC makes purchases to provide price protection to EEC farmers. The intervention price is usually set in relation to target prices.

INTRA-COMMUNITY LEVY: Assessed by one EEC country on products produced by another EEC country during the period the EEC is making its transition to a common price level. Such levies are discontinued, of course, once prices are the same throughout the EEC.

Intra-Community levies on grain represent the difference between the

free-to-frontier prices and the threshold price to third countries, minus the standard amount or montant forfaitaire. For poultry, eggs, and pork, the levies are fixed annually. They are based on differences in feed costs between the exporting and importing EEC member countries, as well as on a diminishing element of protection.

MONTANT FORFAITAIRE: See STANDARD AMOUNT, below.

REFERENCE PRICE: For sugar, it is set at a level between the target and intervention price. If internal prices fall below the reference price, the issuance of licenses for imports from non-EEC countries are suspended.

For fruits and vegetables, it is the minimum import price established on the basis of historical producer prices in EEC producing areas. It is uniform for the entire EEC. Also see ENTRY PRICE.

Note: The reference prices described above are not to be confused with world reference prices described under the montant de soutien (see).

SAFEGUARD MEASURES: Also called "escape clauses," they permit member states to circumvent the provisions against quantitative restrictions by taking steps believed necessary, including total suspension of imports, if their markets become "subjected to, or threaten to become subjected to, serious disturbances."

STANDARD AMOUNT: A sum, also called "lump sum" and officially referred to as "montant forfaitaire," that is subtracted by one EEC country from the levy assessed on grain imported from another EEC country--but not subtracted by the EEC country from the levy assessed on grain imported from a non-EEC country. The standard amount--$1.10 per metric ton for all grains in July 1966--thus allows a margin of preference for grain produced by EEC member countries. (Also see EEC grain import control system.)

SUPPLEMENTARY LEVY: An additional amount, subject to change at any time, assessed on imports of certain products (notably poultry), when the EEC determines that the product is being offered to the EEC by non-EEC countries at less than the gate price.

TARGET PRICE: The level the EEC wants wholesale market prices of certain commodities to approximate under the CAP. Target prices, which are somewhat analogous to "parity prices" in the United States, have been established for grains, rice, milk, milk products, and sugar.

From the basic target price, derived target prices may be computed. This is a price equalling the target price minus the transport costs from the main deficit area to the main surplus area.

For olive oil there is a producer target price as well as a market target price. The former, also called a "norm" price, is fixed at a level which insures a reasonable return to EEC olive producers. The latter, also called an "indicative" price, is fixed at a level--considerably below the producer target

price--at which it would be reasonable to stabilize wholesale market prices in the light of demand for olive oil and prices of competing oils. For the first year the market target price was set 10 percent above the average of Italian producers' prices in the preceding 3 years. Both prices are increased monthly after the first 2 months of the marketing season.

THRESHOLD PRICE: Generally speaking, a minimum import price set by the EEC under the CAP at a level that will not prejudice the sale of EEC output at the target price. Threshold prices are established for grains, milk and milk products, olive oil, rice, and sugar.

For grain, the threshold price is the minimum import price at the border that will reflect the target price. For EEC countries, it is derived by subtracting from the target price the net effect of three factors--the montant forfaitaire, an adjustment for quality, and freight charges--that play a part in moving imported grain from the point of entry at the frontier to the target price area. (Also see EEC grain import control system.)

VARIABLE IMPORT LEVY: Used by the EEC, broadly speaking, to make up all or part of the difference between the EEC's threshold or gate price, as the case might be, and the price of products offered by non-EEC countries at the EEC's frontiers. It is used for grain, rice, pork, poultry, eggs, and olive oil.

The variable levy is sometimes called an "equalization fee" or "equalization tax." It is less frequently referred to as a "skimming charge," or, simply, "skimmings"; for example, it is said that the EEC, through its variable system, "skims off" the difference between lower world wheat prices and the relatively higher prices in the EEC.

The United States has taken the position that the variable import levy is a nontariff trade barrier because it is operated in a manner that tends to restrict the volume of imports to the difference between protected or supported domestic production and total utilization.

In the case of grain, the variable import levy is, for any given day, the difference between the threshold and adjusted c.i.f. price. Assuming a price of $2.85 a bushel for wheat, and an adjusted c.i.f. price of $1.65, the variable import levy would be $1.20. That levy would be assessed against grain imported from all non-EEC countries, whether or not their c.i.f. quotations coincide with the EEC's adjusted c.i.f. price. (Also see EEC grain import control system.)

The variable import levy for poultry and eggs is somewhat more complex. It is set quarterly and includes components reflecting (1) differences between feed costs on the world market and in the importing EEC country, and (2) an amount for protection. The latter includes two elements. One is a gradually diminishing element, initially reflecting the protection afforded by the EEC country's pre-CAP system, and will disappear when the single market stage is reached in July 1967. The second is a duty component set at 2 percent for the first marketing year affected by the regulations--a component which will esca-

late to 7 percent in the single market stage. A similar system is in effect for pork.

Common external tariff (CXT): See Tariffs, duties, and levies. Very occasionally abbreviated CET.

Common market: See Customs union.

Commonwealth--British Commonwealth: The Commonwealth is an association of sovereign, independent member nations and their dependencies. Membership in mid-1966 included Great Britain, Canada, Australia, New Zealand, India, Pakistan, Ceylon, Ghana, Malaysia, Nigeria, Cyprus, Sierra Leone, Tanzania, Jamaica, Trinidad and Tobago, Uganda, Kenya, Malawi, Malta, Zambia, Gambia, Guyana, and Singapore.

The total population of the independent members of the Commonwealth is about 735 million and their total area is about 10 million square miles. Commonwealth dependencies number about 40, most of them small islands or sparsely populated territories, having a population of about 12 million.

Although each member country has control of its own affairs, there is a broad community of interest in the Commonwealth, partly because each was at one time a part of the British Empire, but also because there are many continuing points of contact--such as defense, language, education, religion, migration, communications, and finance.

Most of the countries grant one another certain tariff concessions, referred to as "Commonwealth preference" or "Imperial preference." However, the effect of preference has declined owing to several factors: Rising prices, which have lessened the value of the preferences; the results of agreements negotiated under the GATT (see); and the changing patterns of international trade.

The major value of the system is to the developing countries, as their exports to Britain are admitted duty-free with the exception of a few products which enter at preferential rates. On the other hand, it has been estimated that nearly half of Britain's exports to other Commonwealth countries receive preferences. As a measure to help the trade of developing countries in general, Britain has offered, with the agreement of other Commonwealth countries, to give wider preferences and wider access to its markets to the developing countries if other industrialized countries will do likewise.

Commonwealth Sugar Agreement: A long-term arrangement--first signed in 1951--under which the United Kingdom obtains part of its sugar supply from certain other Commonwealth countries. The current Agreement has been extended to December 31, 1972.

Under the Agreement, the United Kingdom bought in 1965 the following quantities, in long tons, from: Australia, 335,000; British Honduras, 20,500; East Africa (Kenya, Uganda, and Tanzania), 7,000; Swaziland, 85,000; Fiji, 140,000; Mauritius, 380,000; British West Indies and Guyana, 725,000.

Members earlier agreed to adherence of India and Southern Rhodesia to the Agreement, with a consolidated quota of 25,000 tons. However, the quota for Southern Rhodesia has been suspended.

The Agreement provides for annual negotiations each November for a sale price reasonably remunerative to efficient producers. The price for 1965 sugar was 42 British pounds per long ton, with an additional payment of 3 pounds 5 shillings to less developed countries. Supplying countries also had the opportunity to furnish additional quantities outside of agreed prices--which were somewhat under "world" prices. Arrangements under the Agreement are made to the extent possible between the United Kingdom and the sugar industries of supplying countries.

Communist Bloc: Usually refers to Soviet Bloc (see). Strictly speaking, there is no "Communist Bloc." (See Communist countries.)

Communist countries: Eastern Europe: (1) Warsaw Treaty or Soviet Bloc: Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Soviet Zone of Germany, Soviet Union. Incorporated by Soviet Union: Estonia, Latvia, Lithuania. Non-aligned: Yugoslavia. Aligned with Communist China: Albania.

Asia: Communist China, Outer Mongolia, North Korea, North Viet-Nam.

Latin-America: Cuba.

NOTE: (1) The United States does not recognize the Soviet Zone of Germany as a separate state or independent political entity. (2) The United States has not recognized the 1940 incorporation of the Baltic States into the Soviet Union. (3) Yugoslavia is an independent Communist state, and, since 1948, has not been part of the Soviet Bloc. (4) Since its break with the Soviet Union in December 1961, Albania has been closely aligned with Communist China. Although nominally still a member of the Warsaw Treaty Organization, Albania does not attend or otherwise participate in meetings and activities of the organization. (5) Outer Mongolia is a Soviet-oriented country.

Comparative advantage: A theory spelled out in 1817 by David Ricardo, an English economist. He said, in essence, that it is to the advantage of a country or region to devote its energies, not to all the lines of production in which it may have superiority, but to those in which its superiority is greatest, provided trade gives the country the opportunity to obtain other goods from abroad. Likewise, the country that has no line of superiority will find it advantageous to devote its energies to those lines in which its inferiority is least marked, provided the opportunity of trade with other regions is open to it.

Adam Smith argued earlier (1776) in his "Wealth of Nations," that trade makes possible an international division of labor which gives each country an opportunity to turn out the goods it can produce most efficiently. Smith concluded, "Trade which, without force or constraint, is naturally and regularly carried on between any two places, is always advantageous . . . to both."

Compensation (in the field of trade reciprocity): The granting by a country of reductions in tariff rates or bindings of additional rates to replace to another country trade benefits which have been withdrawn or modified.

Compensatory duty: See Tariffs, duties, and levies.

Compensatory tax: See Common agricultural policy terms.

Compensatory withdrawal or suspension of trade concessions: This action, sometimes referred to as "retaliation," is taken by a country because of the withdrawal, suspension, nullification, or impairment of a concession by another party or parties to a trade agreement. The withdrawal or suspension could take the form of increased duty rates, establishment of import quotas, or other action aimed at maintaining reciprocity.

For example, the United States suspended certain trade concessions following what some journalists called the "poultry war." Events leading to the suspension started when the United States became concerned about the decline in U.S. poultry exports to the European Economic Community. The United States attributed the drop in exports to sharply increased EEC import charges on poultry --specifically, an increase from 4.9 cents a pound to 13.43 cents.

The United States repeatedly sought to obtain modifications of the EEC's system to make it less restrictive. When these efforts failed, the United States in May 1963 invoked its rights under the protocol it signed with the EEC at the Fifth Round of trade negotiations under the GATT--"standstill agreements" (see)-- which gave the United States rights it had as of September 1, 1960. No progress was made at two meetings with EEC negotiators in July 1963. In August 1963, the Special Representative for Trade Negotiations announced the list of concessions the United States might suspend from the EEC in order to restore the balance of GATT benefits between the United States and the EEC.

When no action was taken by the EEC to ease its restrictions on poultry, the United States, on December 4, 1963, notified the Executive Secretary of the GATT that it would suspend tariff concessions on brandy, certain types of motor trucks, dextrine, and starches, and that higher tariffs on those articles would go into effect on January 7, 1964. A GATT panel had previously determined that the value of U.S. trade affected by the poultry restrictions amounted to $26 million. The value of imports of the above-named commodities corresponded to that amount. In commenting on the U.S. action, Christian A. Herter, then Special Representative for Trade Negotiations, stressed that "The tariff concessions are suspended, not withdrawn, and they can be reinstated at any time that there is an agreement with the EEC to restore reasonable access for U.S. poultry."

The difference between most-favored-nation and Tariff Act of 1930 rates is rather large. On one brandy affected by the withdrawal of concessions, the duty increased from $1.25 a gallon to $5.00; and the tariff rate on the automobile trucks affected by the action went up from 10 percent ad valorem to 25 percent.

Complementary imports: See Imports, agricultural, U.S.

Compound duty--also called mixed duty: See Tariffs, duties, and levies.

Concession: Agreement by a country or customs union to reduce and bind (not increase) a tariff rate. Concessions are usually made on a reciprocal basis.

Concessional sales: As used in the U.S. Department of Agriculture, the expression covers sales of U.S. agricultural commodities for foreign currencies; commodities exchanged for foreign-produced strategic and critical materials under the barter program; long-term credit sales for dollars; and special sales for export at reduced prices, such as sales of nonfat dry milk for foreign school lunch programs under authority of Section 407, Agricultural Act of 1949.

Conference (ocean shipping): A "steamship conference" is an unincorporated association of mutually competitive steamship lines which make scheduled sailings over a trade route. Conferences exist in most of the world's trade routes. The basic objectives of conferences are: (a) to reach agreement among members with respect to transportation rates and other conditions of carriage of goods or passengers; (b) to control competition among members; and (c) to strengthen the members' lines through cooperative action.

Confrontation and justification: A procedure followed by nations at a general round of trade negotiations, such as the Kennedy Round (see) following the initial exchange of offers to reduce tariffs.

The procedure consists of a series of meetings, at which a negotiating country is "confronted" with a number of questions from its trading partners, which it must answer to "justify" the content of the initial submission. For example, questions might be raised about the omission of certain items from the offer list (see), or about the inadequacy of offers regarding the depth of tariff cuts. Questions also might be raised to clarify certain aspects of the offers, or even of statements made during the course of the examination of offers. Confrontation and justification, in short, helps the participating countries to establish precisely their trading position.

Consignment sales: See U.S. export financing.

Consortium: An agreement under which several nations (or their financial institutions) join for some common purpose, usually to aid one of the member nations. (Also see India Aid Consortium.)

Consul: The commercial representative of a government in a foreign country. Major countries often establish consulates in several cities of other countries, rather than only in the capital city.

Consular fee: A fee charged by a consular agent in an exporting country for certifying that an invoice for merchandise is correct. Consular fees also may be charged for other services, such as visas.

Consular invoice: An invoice, relating to a shipment of goods into a country, which has been reviewed and signed by the consul of the receiving country who resides in the country where the shipment originates. Consuls usually charge fees for this and other services. (See Consular fee.)

"Containerized" shipments: Containers represent a relatively new method of shipping farm products, primarily perishables, to foreign markets. In the broadest sense, containerization is the use of a box to ship things in--whether it is a box with or without wheels, with or without refrigeration, ventilated or not ventilated.

Perishable products are being shipped quite successfully in containers. For example, a poultry marketing cooperative in May 1966 shipped 30,000 pounds of frozen poultry from Broadway, Virginia, to Hamburg, West Germany. The poultry was placed in a 35-foot van container, trucked to New Jersey, and removed from its wheeled chassis and loaded aboard ship. The van container, which can be handled and stacked like a large box, has a self-contained refrigerating system powered by a propane-electric motor during highway transport and by the ship's electric system on the ocean. The van was lifted off the ship at Bremen, West Germany, and placed on another wheeled chassis for delivery to Hamburg. Individual poultry packages weren't handled from the time they left the United States until they reached the German customer's warehouse. Satisfactory temperature control was maintained throughout the trip, and the product arrived in excellent condition.

Celery, plums, and grapes were shipped from the U.S. Atlantic Coast to England in 1966 and arrived in perfect condition. Boxes were not strapped or prepared in any special way for export shipment. Yet they were clean when they arrived, with no breakage or damage of any kind in evidence.

Contraband: Goods that may not legally be transported, imported, or exported.

Conventional tariff: See Tariffs, duties, and levies.

Conversion (as used in the barter program): An obligation of a U.S. Government agency to pay dollars is "converted" when a contractor agrees to accept U.S. Government owned surplus agricultural commodities instead of the dollars to which he is entitled. The barter program has less restrictive rules for exports of agricultural commodities for conversion than for usual barter transactions because conversions reduce the outflow of U.S. dollars abroad and save appropriated funds.

Conversion factors: The following equivalents are among those most commonly used in international agricultural trade:

METRIC EQUIVALENTS:

1 meter	equals	39.37	inches
1 hectare	"	2.471	acres
1 liter	"	.9081	dry quarts, or
		1.0567	liquid quarts

METRIC EQUIVALENTS (Continued):

1 kilogram		equals	2.2046 pounds
1 quintal	(100 kilograms)	"	220.46 "
1 ton	(1,000 kilograms)	"	2,204.6 "

TON: The "metric" ton of 2,204.6 pounds is the weight unit most widely used in reporting international trade statistics. The "short" ton of 2,000 pounds is in common use in the United States, Canada, South Africa, and some other countries. The "long" ton of 2,240 pounds--also called the "gross" ton, "shipper's" ton, or "shipping" ton--is in common use in England and, for certain purposes, in the United States and elsewhere. The "freight" ton is a unit of volume for cargo freight, usually reckoned at 40 cubic feet.

HUNDREDWEIGHT (Cwt.): The "short" hundredweight (one-twentieth of a short ton) is 100 pounds in the United States. The "long" hundredweight (one-twentieth of a long ton) is 112 pounds in England and some other countries. The "metric" hundredweight (one-twentieth of a metric ton) is 110.23 pounds.

WHEAT, RICE, AND OILSEEDS:

Pounds per bushel:

Wheat	60
Corn (shelled)	56
Oats	32
Barley	48
Rye	56
Sorghum grain	56
*Rice, rough	45
Soybeans	60
Flaxseed	56

*Milled rice is sold in bags--sometimes called "pockets"--of 100 pounds each.

COTTON: A gross weight "running bale" is a "flat" bale of varying lint weight and tare as it comes from the gin. The 1965 U.S. weight average was 501.3 pounds, with a net weight of 480.2 pounds. A 500-pound gross weight bale, the U.S. Crop Reporting Board's "statistical" unit, has a net weight of 480 pounds.

American cotton is traded on a "gross weight" basis (tare is included) in the United States, whereas abroad it is sold on a net weight basis. This makes it necessary to establish the actual tare (bagging and ties) and deduct it from the gross weight.

TOBACCO: Farm sales weight, as reported in U.S. Department of Agriculture production statistics, is about 10 percent above dry weight normally reported in trade statistics.

BUSHELS PER TON:

	Metric ton (bushels)	Long ton (bushels)	Short ton (bushels)
Wheat	36.743	37.3	33.3
Corn (shelled)	39.368	40.0	35.7
Oats	68.894	70.0	62.5
Barley	45.929	46.7	41.7
Rye	39.368	40.0	35.7

BUSHELS PER TON (Continued):

	Metric ton (bushels)	Long ton (bushels)	Short ton (bushels)
Sorghum grain	39.368	40.0	35.7
Rice, rough	48.991	49.8	44.4
Soybeans	36.743	37.3	33.3
Flaxseed	39.368	40.0	35.7

SELECTED COMMODITY CONVERSION FACTORS:

100 pounds of:	Can be obtained from:
White flour	2.3 bushels of wheat (72% extraction)
Cornmeal (degermed)	3.16 bushels of corn
Cornmeal (nondegermed)	2.00 bushels of corn
Rye flour	2.23 bushels of rye
Milled rice	152 pounds of rough rice
Soybean oil	549 pounds of soybeans
Soybean meal	127 pounds of soybeans
Cottonseed oil	588 pounds of cottonseed
Linseed oil	277 pounds of flaxseed

BREAD: About 67 loaves of white bread of 1 pound each can be made from a bushel of wheat.

MEAT: A 1,000-pound steer or heifer will dress out about 560 pounds of carcass beef. A 200-pound hog will dress out about 115 pounds of pork, excluding lard.

DAIRY PRODUCTS: Pounds of milk in: 1 gallon, 8.6; quart, 2.15; pint, 1.075. One pound of butter can be made from 21.1 pounds of whole milk; 1 pound of cheese from 10 pounds; 1 pound of nonfat dry milk from 11 pounds.

USUAL LOADINGS OF RAILROAD FREIGHT CARS:

	Bushels per car	Short tons per car
Wheat	1,925	57.8
Corn (shelled)	2,035	57.0
Oats	2,712	43.4
Barley	2,198	52.8
Rye	1,880	52.6
Sorghum grain	2,000	56.0
Rice, rough	2,180	49.1
Soybeans	1,825	54.8
Flaxseed	1,778	49.8

OCEAN SHIPPING: A 10,000-ton ship of the Liberty or Victory type can carry approximately 367,000 bushels of wheat.

OCEAN SHIPPING (Continued):

Tankers, with capacities of 16,000 to 20,000 tons of grain, also are used in U.S. agricultural export trade.

A few "supertankers"--extremely large ships--also are employed in carrying farm products, notably grain. In 1966, a supertanker carried 75,000 tons of wheat from the United States to India. That cargo totaled 2,040,000 bushels. It would have taken 1,040 freight cars to supply that cargo, which, at about 100 cars to the mile, would have made a solid train over 10 miles long.

Conversion products: See Common agricultural policy terms.

Convertible currency: Currency of one country which may be exchanged for that of another country or countries without restriction.

Cooley Amendment: A term applied to Section 104 (e), Public Law 480, because it was introduced by Congressman Harold D. Cooley, onetime Chairman, House Committee on Agriculture. It authorizes loans of foreign currencies to U.S. and foreign firms operating in foreign countries.

The amendment, as modified by Public Law 89-808, provides "for use to the maximum extent under the procedures established by such agency as the President shall designate for loans to U.S. business firms (including cooperatives) and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries, including loans for private home construction, and for loans to domestic and foreign firms (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, U.S. agricultural products . . . . Foreign currencies may be accepted in repayment of such loans."

As of June 30, 1966, some 355 loans had been made to private business firms in 25 countries in the amount of almost $300 million. They covered such varied activities as production of cement in Bolivia, wire ropes in Colombia, chemicals in India, paperboard in Israel, and steel in Turkey.

Cooperators, market development: Trade and agricultural groups are cooperating with the Foreign Agricultural Service, U.S. Department of Agriculture, in developing commercial markets for U.S. farm products in more than 70 countries. Commodities represented in this cooperative program include wheat, feed grains, soybeans, rice, livestock, livestock products, poultry, fruit, cotton, and tobacco.

Cooperating groups, from contributions of their memberships, provide personnel, services, and cash. FAS makes available foreign currencies generated under Title I, Public Law 480 (see).

Corn: In the United States, Indian corn. In Europe, notably in the United Kingdom, a term used collectively in referring to grains, as wheat, rye, barley, oats, maize, etc. "Corn" is often used specifically for the important crop of a region, thus in England it is so used of wheat; in Scotland and Ireland of oats;

and in Australia of Indian corn or maize.

Cotton arbitration boards: Settle disputes between buyers and sellers of cotton moving in international trade, with respect to quality differences and misunderstandings of contract terms or noncompliance with them--but not price. The arbitrations (or appeals from them) are held either by non-salaried arbitrators or full-time salaried arbitrators, depending on the system of the market. Arbitration boards for American cotton are:

Liverpool Cotton Association, Ltd., Liverpool
Association Francaise du Commerce des Cotons, Le Havre
Bremer Baumwollboerse, Bremen
Centro Algodonero Nacional, Barcelona
Associazione Cotoniera Italiana, Milan
De Vereeniging voor den Katoenhandel, Rotterdam
Marche de Coton de Gand, Ghent (Belgium)
Gdynia Cotton Association, Gdynia (Poland)
East India Cotton Association, Ltd., Bombay
Japan Cotton Arbitration Institute, Osaka

All arbitration boards have appeal boards. For Gdynia, the appeal is only for Sudanese cotton and cotton waste; for other Gdynia arbitrations, the appeals are held in Le Havre.

Arbitrations and appeals are "blind"; that is, the arbitrators and appeal members know only the description of the quality, the growth, the last landing day of the steamer, and the terms: c.i.f., c & f, f.a.s., etc. The price of the cotton is not divulged, and board members do not know the names of the parties involved, except in Liverpool and Milan. However, if so desired, the Liverpool Cotton Association will appoint arbitrators and thus provide for "blind" arbitration in Liverpool also.

Cotton linters: Short-staple cotton removed from the seed and husk by a second ginning, or by a linter machine. It is seldom used for textiles; it has other uses, such as in plastics or for mattress padding.

Council for Economic Mutual Assistance (CEMA, COMECON): A Communist organization made up of Bulgaria, Czechoslovakia, East Germany, Hungary, Outer Mongolia, Poland, Romania, and the U.S.S.R. The agency, sometimes referred to as the "Communist common market," was organized in 1949 to integrate the economies of Soviet Bloc countries. Activities of COMECON fall into the following categories: (1) Exchange of scientific and technical knowledge and skills; (2) development of planned intra-COMECON trade; (3) coordination of production and services within COMECON countries by types of products and services; (4) joint development by two or more COMECON countries of an economic activity, and its subsequent joint operation; (5) coordination of national plans; (6) organization of a joint bank for noncommercial transactions and development of plans for a joint commercial bank and a convertible currency; and (7) administrative progress. Headquarters: Moscow, Russia.

Council of Europe: A consultative body, created in 1949, which now has

delegates from Austria, Belgium, Cyprus, Denmark, France, West Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Sweden, Switzerland, Turkey, and the United Kingdom. Objectives include improved unity among members, and accelerated economic and social progress. Headquarters: Strasbourg, France.

Counterpart funds (also see Foreign currencies): The sums, in local currencies, which European nations participating in the post-World War II European Recovery Program--the "Marshall Plan"--were required to set aside to offset internally the grants of dollars made by the United States under the program. Subsequently, the equivalent of three-fourths of the dollar value of the U.S. grants was released to the countries for internal investment in public works or for other approved purposes.

"Counterpart funds" often is used erroneously in referring to foreign currencies generated from sales of U.S. farm products under Public Law 480 (see).

Countervailing duty: See Tariffs, duties, and levies.

Court of Customs and Patent Appeals: Hears appeals from rulings of the Customs Court, Tariff Commission, and Board of Patent Appeals.

Court of Justice: See European Economic Community.

C/P: Charter party (see).

Credit sales, short- and long-term: The United States sells agricultural commodities for export for dollars under both short- and long-term credit arrangements. These credit programs are administered by the Foreign Agricultural Service, U.S. Department of Agriculture.

Under the short-term credit program, financed by the Commodity Credit Corporation, payment for commodities out of CCC and private stocks may be deferred up to 36 months. However, the general policy early in 1967 is to limit the credit period to 12 months for tobacco and cotton, and to 6 months for all other commodities. Credit for periods longer than 12 or 6 months may be granted if it will permit U.S. exporters to meet credit terms offered by competitors from other Free World countries; prevent a loss or decline in established U.S. commercial export sales from noncommercial factors; permit U.S. exporters to establish or retain markets; substitute commercial dollar sales for concessional sales or barter; and permit expanded consumption of agricultural commodities in an importing country.

Exporters are allowed to secure 100 percent of the credit sale (sales value of the commodity plus interest) with a letter of credit issued by a foreign bank in favor of the Commodity Credit Corporation, providing for payment in U.S. dollars. However, at least 10 percent of the credit must be additionally secured by a U.S. bank--unless the requirement is reduced or waived following written application.

Under the long-term program, authorized by Public Law 480, dollar credit is extended for up to 20 years, not only to friendly foreign governments, but

also to the foreign and U.S. private trade. There may be a 2-year grace period on loan payment. The minimum interest rate is 1 percent per annum during the grace period, and $2\frac{1}{2}$ percent thereafter.

The Food for Peace Act of 1966 provides that sales also may be made for foreign currencies convertible to dollars on credit terms. In such cases, loans can be made for up to 40 years with a 10-year grace period on payment of principal. The same interest rates apply to this type of sale as to dollar credit.

Exports under the CCC short-term credit program, subject to provisions of the Export Control Act, may be made to certain Communist countries, but not to others, including Communist China, North Korea, North Vietnam, the Soviet Union, and Cuba. Provisions of Section 103 (d), Food for Peace Act, affect long-term credit transactions. (See Friendly country.)

Creditor nation: One whose international trade and finance is such that the total amount owed to its government, private business, and banking interests from foreign sources exceeds the sum owed to foreign creditors--a nation, in other words, which occupies a creditor position in its balance of payments.

Customs, U.S.: See Bureau of Customs, U.S.

Customs Court: A federal court created in 1926 to review customs appraisals, settle disputed classifications, review cases in which exclusion of imported goods is protested, et cetera. Decisions may be appealed to the Court of Customs and Patent Appeals.

Customs union: A regional grouping of countries that levies common external duties on imports from non-member countries, but which eliminates tariffs, quotas, and many other governmental restrictions on trade among member countries. An example is the European Economic Community. A customs union often is referred to as a "tariff union" or a "common market." (Also see Free trade association.)

The General Agreement on Tariffs and Trade permits formation of common markets but provides that duties and other trade restrictions imposed on other GATT countries by the common market at the time it is formed shall not on the whole be higher or more restrictive than the general incidence of duties and other trade restrictions imposed by the individual countries prior to formation of the common market.

Cwt.: Hundredweight. (See Conversion factors.)

CXT: Common external tariff. Very occasionally abbreviated CET. (See Tariffs, duties, and levies.)

C.Z.: Canal Zone.

Dairy product quotas, U.S.: See Quantitative restrictions.

Debtor nation: One whose international trade and finance is such that the total amount which its government, private business, and banks owe to foreign creditors exceeds the sum due from foreign debtors. A debtor nation, in brief, is one which occupies a debtor position with respect to its balance of payments.

Deficiency payments: A method of supporting prices of farm products. Usually deficiency payments reflect the difference between actual domestic market price levels for a commodity and a higher fixed or guaranteed price. Agricultural price support for the principal commodities in the United Kingdom is based primarily on deficiency payments.

Demurrage: 1. (a) The detention of a vessel beyond the time (usually called "lay days") allowed in her charter party for loading, unloading, or sailing. (b) The allowance or payment made to the master or owner of the ship for such detention. 2. The allowance or payment for detaining freight cars beyond a reasonable time for loading or unloading.

Derived target price: See Common agricultural policy terms, specifically TARGET PRICE.

Developing countries: See Less-developed countries.

Differential tariff: See Tariffs, duties, and levies.

Dillon round: See General Agreement on Tariffs and Trade.

Direct exporter: See Exporter.

Direct investments: As used in balance of payment statistics, the U.S. equity in foreign-incorporated companies in the management of which U.S. investors have an important voice, or the foreign equity in U.S.-incorporated companies in the management of which the foreign investors have an important voice, and the direct branches abroad of U.S. companies or of foreign companies in the United States. Other forms of organization are sometimes used, such as partnerships or sole proprietorships. (Also see Balance of payments.)

Disappearance, apparent: The indicated amount of a commodity or product consumed within a country or a region. It is derived by subtracting exports, and making allowances for changes in stocks.

Discrimination: Inequality of trade treatment given to one or more exporting nations by an importing nation.

For example, if Country A excludes the winter grapefruit produced by Country B, on the ground that Country A wishes to protect the producers of Countries C, D, and E--countries with which Country A has close ties--and then Country A turns around and buys winter grapefruit from Countries X, Y, and Z, which are competitors of Country B--then Country A discriminates against Country B in favor of Countries X, Y, and Z.

Under Section 338, Tariff Act of 1930, it is the duty of the U.S. Tariff

Commission to ascertain, and at all times to be informed, as to whether any foreign country practices certain types of discriminations against the commerce of the United States.

Disparities: A term developed in the Kennedy Round of trade negotiations to describe marked differences among major trading countries with respect to the level of tariffs on the same products--mainly nonagricultural products. Disparities largely affect the EEC, the United Kingdom, and the United States.

The EEC, having averaged out the individual tariffs of the six countries, maintains that the resultant common external tariffs are mostly between 10 and 20 percent, with few high and low rates. But some other countries, notably the United States and the United Kingdom, have some high peaks and deep troughs in their tariffs--although the average incidence of the U.S. tariff and the EEC's common external tariff is about the same; the United States merely has more low and more high rates. The EEC has argued that after a linear reduction of 50 percent, as proposed by the United States, the EEC would have no remaining bargaining power to bring down U.S. and U.K. rates, which would remain at relatively high levels even after a 50 percent cut. Various formulas have been discussed among the trading partners but the problem had not been resolved completely early in 1967.

Documentary instructions: The agreement between an importer and a foreign exporter with reference to the disposition of the documents relating to the shipment, as well as to the disposition of the shipment.

Dollar deficit--dollar gap--dollar shortage: The amount by which imports from the United States into any foreign country, and other dollar debits in such country, exceed that country's exports to the United States and other dollar credits. Most foreign industrialized countries had serious dollar shortages in the years following the end of World War II, but now have substantial gold and dollar reserves.

Dollar outflow: Dollar payments to foreign nationals or countries for merchandise imports, investments of U.S. firms abroad, tourist expenditures abroad, U.S. foreign aid, U.S. military expenditures abroad, and similar transactions.

Dollar reserves: Foreign holdings of short-term U.S. Government securities--usually less than one-year maturity--i.e., claims on the United States. (Also see Balance of payments.)

Dollar sales of U.S. farm products overseas: Of the $6.7 billion worth of U.S. farm products exported in the fiscal year 1966, products worth $5.1 billion--or over 75 percent of the total--were sold for dollars. Dollar sales included, in addition to unassisted commercial sales, shipments of some commodities with Government assistance in the form of (1) credits for relatively short periods, (2) sales of Government-owned commodities at less than domestic prices, and (3) export payments-in-cash or -in-kind.

The bulk of the U.S. farm products sold for dollars go to economically developed countries, which have high "hard-money" purchasing power. The

principal dollar customers are Canada, Japan, and the countries of Western Europe, but a considerable volume of products, in the aggregate, is sold for dollars to other countries.

Donations of U.S. food: See Public Law 480.

Draft (bill of exchange): See U.S. export financing.

Drawback: A means of equalizing the domestic producer's competitive position in export markets with that of foreign competitors. The drawback may be (1) a repayment in whole or in part of customs duties paid on imported merchandise which is reexported, either in the same form as imported or manufactured into a more finished article, or (2) the refund upon the exportation of an article of a domestic tax to which it has been subjected. (Also see Admission temporaire.)

Dual pricing: Selling an identical product for different prices in different markets. For example, the U.S. Government employs dual pricing in selling wheat acquired under the price support program in that it charges a higher price for wheat sold in the United States than for wheat sold abroad.

Dumping: Dumping is defined in Article VI, General Agreement on Tariffs and Trade, as a means "by which products of one country are introduced into the commerce of another country at less than the normal value of the products." GATT condemns the practice if it threatens or causes material injury to an industry within the importing country, or to an industry in a third country which regularly sells to the importing country. GATT recognizes the right of an importing country to protect itself against injury by imposing anti-dumping duties which are to be no greater than the amount by which an exporting country's domestic price exceeds its export price.

The U.S. Anti-dumping Act of 1921, as amended, provides that the Secretary of the Treasury may make a finding of "dumping" in the event imported foreign goods are priced at less than their fair value and a determination of injury has been found by the U.S. Tariff Commission. Fair value is ordinarily based on a comparison between the net, f.o.b. factory price to a U.S. importer and the net, f.o.b. factory price to purchasers in the home market. A finding of "dumping" results in the assessment of anti-dumping duties by the United States.

Dutiable list: A list in the tariff law of the goods liable to the payment of customs duties. U.S. rates are listed in Tariff Schedules of the United States (1965), which may be purchased from the U.S. Government Printing Office, Washington, D.C. 20204, for $6.00 per copy.

Dutiable status of imported goods: All goods imported into the United States are subject to duty unless specifically exempted therefrom. If prospective exporters to the United States or American importers need information on the classification and rate of duty (or free status) of specified goods, they should write to (1) the Commissioner of Customs, Washington, D.C. 20226, or (2) the collector of customs or appraiser of merchandise at the port of entry at which goods will be entered.

Information which must be supplied the Bureau of Customs to help it determine dutiable status includes a complete description of the goods; method of manufacture or fabrication; specifications and analyses; quantities and costs of component materials; and commercial designation and chief use of the goods in the United States. When practicable, a sample should be submitted with the other information.

If the item to be brought in is patented, or contains a patented article or articles, the patent numbers should be given. Patent infringement reported to the Tariff Commission and subsequently to the President may result in exclusion of the infringing articles.

Full rates of duty apply to products of certain countries or areas dominated or controlled by Communism. (See Most-favored-nation principle.)

Duty: See Tariffs, duties, and levies.

EACSO: East African Common Services Organization (see).

EAGGF: European Agricultural Guidance and Guarantee Fund. (See Common agricultural policy of the European Economic Community.)

East African Common Services Organization (EACSO): Made up of Kenya, Uganda, and Tanzania. Its functions are economic and include the administration of customs and excise duties, statistics, industrial coordination, communications, and mail services. Goods and capital pass freely among the members, and they have a common currency. Commercial policy usually is coordinated.

East Germany: See Soviet Zone of Germany.

East-West trade: As used in the United States, refers to trade between the United States and Communist countries other than areas dominated or controlled by the Communist regimes of China, North Vietnam, North Korea, Cuba, and the Soviet Zone of Germany.

Eastern Europe: Eastern Germany, Poland, Czechoslovakia, Hungary, Romania, Bulgaria, Yugoslavia, Albania, and the U.S.S.R. The expression usually refers to the Communist countries lying east of Western Europe. Austria and Greece, though in "Eastern Europe" geographically, are usually considered part of "Western Europe."

Economic aid or assistance, U.S.: See Foreign assistance (or aid), U.S.

Economic development: Economic development has been defined as "the process through which the people of a country use their resources to bring about a sustained increase in per capita production of goods and services." Capital is a key requirement of growth, but labor and natural resources also are important. One measure of economic growth is the level of income per capita.

Many economists believe that if a country invests 10 percent or more of its national income, economic growth will begin to pick up momentum. Investment increases output, which provides a surplus for further investment and fur-

ther increases in output. Like an airplane picking up speed as it moves down a runway, the economy eventually "takes off" and becomes self-sustaining.

Countries which have attained sustained economic growth include the United States, Canada, the United Kingdom and most other Western European countries, the Soviet Union, the Union of South Africa, Japan, Australia, New Zealand, and a number of others.

Walt W. Rostow, in his book "The Stages of Economic Growth," distinguishes three categories of economically developed countries: Take-off, when resistance to steady growth is overcome; maturity, when an economy shows capacity to move beyond the original industries which powered its take-off and to absorb and apply efficiently over a wide range of its resources the most advanced fruits of modern technology; and high mass consumption, where the leading sectors shift towards durable consumers' goods. (Also see Less-developed countries.)

<u>Economic nationalism</u>: See Self-sufficiency.

<u>Economic Research Service (ERS)</u>: A U.S. Department of Agriculture agency that conducts economic and statistical analysis, marketing economics research, farm production economics research, natural resource economics research, economic development research, foreign regional analysis, and foreign development and trade research.

Foreign regional analysis includes research on the total food and agricultural situation by countries and regions. Annual food budgets are prepared as well as key indices reflecting changes in agricultural production by countries, regions, and for the world. Studies are conducted on the long-range outlook for U.S. agricultural exports. Trends in supply and demand throughout the world are analyzed together with their implications for resource adjustment and agricultural policy in the United States. A World Agricultural Situation is issued annually, and a World Food Budget is published on an irregular basis.

Economic development processes in foreign countries are analyzed to ascertain the contribution of agricultural development to general economic growth, the priority of various aspects of agricultural development, and economic effects of present and proposed food aid programs. The effects of alternative U.S. export programs and policies on domestic farm income and foreign trade are analyzed. Studies are made of the effects of monetary and financial problems and of agricultural policies and programs of foreign countries on U.S. exports of farm products. Monthly, annual, and special agricultural trade statistics are developed and published. Headquarters: Washington, D.C.

<u>Economic sanctions</u>: Restrictive trade or fiscal actions by one or more countries to try to force another country to change a certain course of action. For example, Great Britain in November 1965 invoked economic sanctions against Southern Rhodesia following a unilateral declaration of independence by the latter country. Among other things, Great Britain banned exports to or imports from Southern Rhodesia. With the notable exceptions of the Republic of South Africa and Portugal, most other countries, including the United States, joined Great Britain in its economic measures against the African country.

EEC: European Economic Community (see).

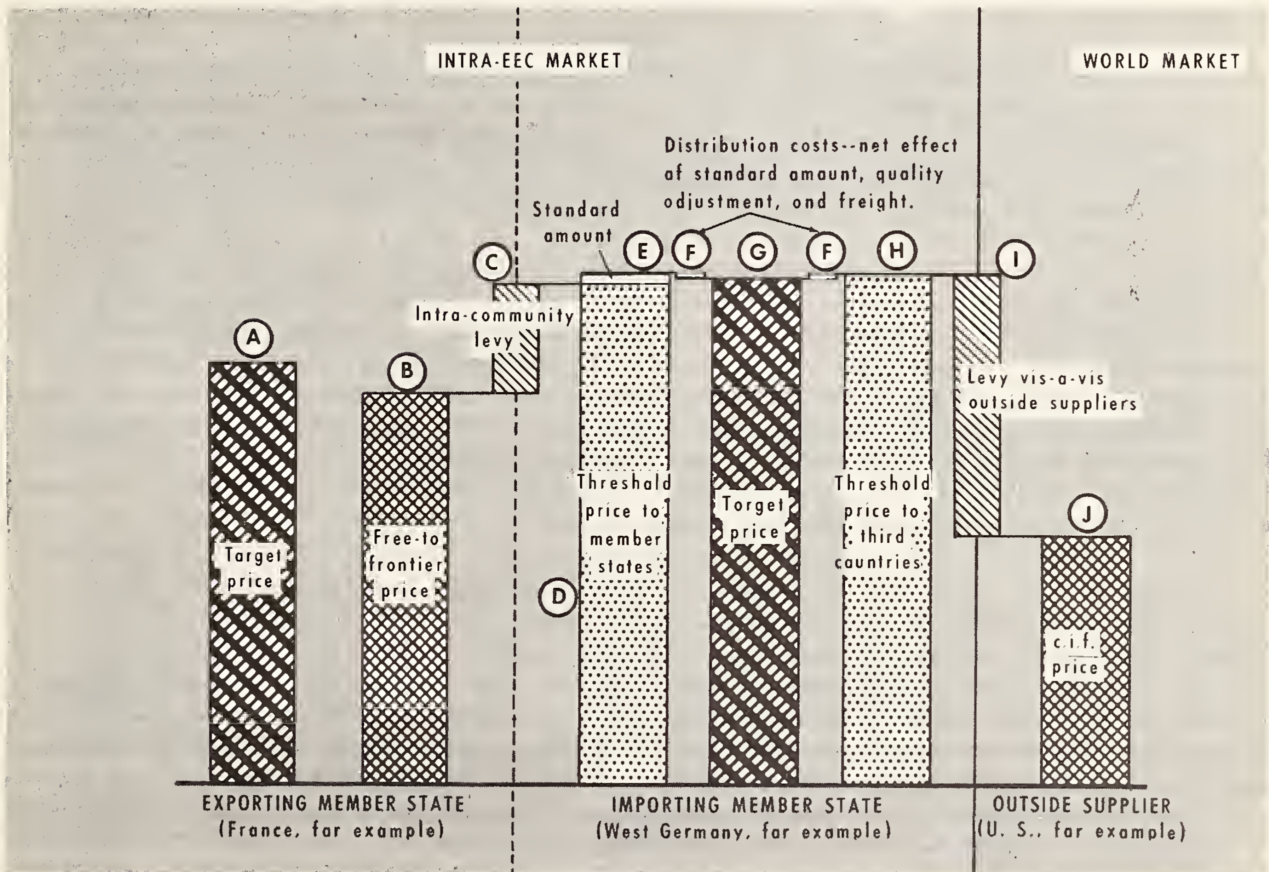
EEC Commission: See European Economic Community.

EEC Council of Ministers: See European Economic Community.

EEC grain import control system: The European Economic Community's system for controlling grain imports affects external suppliers and, until July 1, 1967, EEC suppliers. After that date, the common agricultural policy for grains will be in effect and intra-EEC controls will no longer be used.

The system will serve a dual capacity until July 1, 1967, because an EEC grain-importing country (West Germany, for example) obtains supplies from within the EEC (as from France), as well as from "third" countries (outside suppliers such as the United States).

HOW THE GRAIN IMPORT CONTROL SYSTEM WORKS



As the diagram indicates, the West German wholesaler who imports wheat from the United States pays a c.i.f. (cost-insurance-freight) price (J), plus a variable import levy (I) which brings his total cost at the frontier to a level equaling the threshold price (H). The threshold price is the minimum price at the border that will reflect the internal target price (G)--the level that West

Germany wants its wholesale wheat prices to approximate.

The variable levy, which may change daily, thus erases any price advantage American wheat exporters might have in West Germany by virtue of their ability to "lay down" wheat at Hamburg, for instance, at a relatively low price.

The system works slightly differently when the wholesaler imports wheat from France. He pays the French free-to-frontier price (B) plus the intra-Community levy (C). But the sum of these prices--(D) or the threshold price to member states--falls short of reaching the level of the threshold price to third countries (H). The difference, as the diagram indicates, is the standard amount or lump sum (E), officially referred to as the "montant forfaitaire." This amount, in effect a small discount, gives exporting member states a definite price advantage over third countries.

For those who want to substitute actual figures in the diagram, the following values per bushel were typical in France and West Germany in May 1964: (A) $2.90; (B), $2.72; (C), $0.75; (D), $3.47; (E), $0.03; (F), $0.01; (G), $3.49; (H), $3.50; (I), $1.80; (J), $1.70.

NOTE: The free-to-frontier price (B) may be above or below the target price of the exporting member country, depending on the market price and distribution costs as far as the selling point. The target price (G) is maintained by government purchases, when necessary, at an "intervention" price level, which can be set anywhere between 5 and 10 percent under the target price. The c.i.f. price (J) is the actual c.i.f. price adjusted to EEC quality. In the diagram, (E) and (F) are shown in exaggerated size for clarity.

The system is basically the same for rice. However, during the transitional stage, instead of separate prices for each EEC country, there are three distinct areas. The producing countries (Italy and France) each have national target, intervention and threshold prices; the other four countries have no target or intervention prices and have a single threshold price.

EFTA: European Free Trade Association (see).

Embargo: (1) An edict or order of the government prohibiting the departure or entry of ships of commerce at ports within its dominions, called a "hostile embargo" if laid on an enemy's ships, and a "civil embargo" if on domestic ships. The embargo may be absolute, as when laid on an enemy's ships, or partial, as when laid on domestic ships to prevent or control trade with a particular country or of a certain kind. (2) Any prohibition imposed by law upon commerce either in general or in one or more of its branches.

Emerging countries: See Less-developed countries.

Entrepot facility: See Foreign-trade zone.

Entry price: See Common agricultural policy terms.

Equalization fee or tax: See Common agricultural policy terms, specifi-

cally VARIABLE IMPORT LEVY.

Equatorial Customs Union (UDE): Established in 1959 by the Central African Republic, Chad, Congo (Brazzaville), and Gabon. Cameroon has become a member. The UDE countries maintain a common external tariff on imports from third countries, except for a preferential arrangement with the EEC. Supplementary taxes applied to such imports vary little among the members. Goods, capital, and services move freely within the UDE. Besides administering the customs union, the UDE engages in efforts to harmonize investments and technical projects, fiscal regulations, and economic structures.

Escape clause: A provision (Section 351) of the Trade Expansion Act of 1962 permitting the President to increase tariffs or import quotas, for limited periods, after a finding by the Tariff Commission that increased imports cause or threaten to cause serious injury to domestic industries.

Article XIX of the GATT permits signatories to invoke such a right.

Also see Section 22 (of the Act of August 24, 1935).

Eurocrats: Nickname for the 6,800 employees of the European Economic Community (see).

European Agricultural Guidance and Guarantee Fund (EAGGF): See Common agricultural policy of the European Economic Community.

European Economic Community: This common market is variously referred to as the EEC, European Common Market, Common Market, Community, Inner Six, Six, Euromarket, and Euromart. It represents the economic integration of France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg. Established in 1958 by the European Economic Community Treaty--usually called the "Rome Treaty" --the EEC is a unified area with a population of over 180 million in which commerce will be carried on freely--much as it is among the states of the United States. There will be no tariffs among EEC countries, no restrictions on movement of goods, capital, services, and workers. The area will have common policies with respect to agriculture, transport, taxes, and foreign trade.

Union will take place during a "transition period" scheduled to end, in the normal course of events, not later than December 31, 1969. Progress toward union thus far has been ahead of schedule. For example, industrial tariffs in mid-1966 had been reduced by 80 percent and are scheduled to be removed completely by July 1, 1968. Common agricultural policies had been hammered out for 90 percent of the Community's agricultural production and, with minor exceptions, the way cleared, as in the case of industrial goods, for free Community-wide movement of farm products by July 1, 1968. (See Common agricultural policy (CAP) of the European Economic Community.)

The Rome treaty provides that other European countries may be taken in as full members or associates of the EEC. Associates enter into a bilateral arrangement with the EEC providing preferential treatment of trade and other economic relationships. Associates, as associates, do not have a voice in the formation of EEC policy; but associate members look ahead to eventual full member-

ship in the Community. Greece became an associate member in 1962 and Turkey in 1964. Negotiations leading to associate membership for Austria were well along in mid-1966.

Association has been set up with 18 so-called overseas territories: Burundi, Cameroon, Central African Republic, Chad, Congo (Brazzaville), Congo (Kinshasa), Dahomey, Ivory Coast, Gabon, Madagascar, Mali, Mauritania, Niger, Rwanda, Senegal, Somali Republic, Togo, and Upper Volta. At the time the Rome Treaty was negotiated, all of these countries were colonies or territories of EEC member countries. As such, they automatically became associate members of the Community. (Only European countries are permitted to become full members.) By the early 1960's, these countries had become independent nations, and an association agreement was signed, in 1964, to extend for 5 years. An agreement with Nigeria was signed July 16, 1966, to be valid from the date of ratification to mid-1969.

Still another group of associate members exists: The remaining overseas territories of EEC members, such as French Somaliland, French Polynesia, and Surinam. The EEC Council decision governing these associates became effective in 1964, to last for 5 years.

Three countries--Iran, Israel, and Lebanon--have signed trade agreements with the EEC.

The EEC's administrative machinery has four parts:

The Commission consists of nine members who act independently of their governments and the Council of Ministers. It is the executive organ of the Community. Its most important function is to initiate policy. It also acts as the guardian of the Treaty and expresses the interests of the Community as a whole.

The Council of Ministers consists of six representatives, one from each member government. All provisions which are general in scope or of major importance require the approval of the Council. Each minister expresses his national point of view.

The European Parliament consists of 142 members who are appointed by the six national parliaments from among their own members. They sit in political groups and not by nationality. Their advisory and consultative powers are most important. The Parliament can overthrow the Commission by a vote of censure of two-thirds majority.

The Court of Justice consists of seven independent judges who form the supreme court of appeal on all Community matters. They ensure the rule of law in the implementation of the treaty.

EEC headquarters: Brussels, Belgium.

European Free Trade Association (EFTA): A regional trade grouping, variously referred to as EFTA, the Outer Seven, or the Seven, that includes seven European countries--Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the United Kingdom. Finland is an associate member.

Established in 1960 by the Stockholm Convention, EFTA completed on December 31, 1966, three full years ahead of schedule, elimination of tariffs with respect to manufactured goods originating in the EFTA countries and traded among them. Agricultural products, broadly speaking, are not included in the schedule for tariff reductions. Unlike the EEC, members of EFTA retain their individual tariffs against outside countries. Headquarters: Geneva, Switzerland.

European Parliament: See European Economic Community.

European Recovery Program: A plan for the post-World War II revival of Europe--also called the Marshall Plan--suggested by Secretary of State George C. Marshall in June 1947. The plan called for economic aid to help war-battered Europe get back on its feet. The Economic Cooperation Act of 1948 implemented the program. Funds made available by Congress through appropriations and loan authorizations within the $4\frac{1}{4}$ year period from April 3, 1948, to June 30, 1952, for operation of the Marshall Plan amounted to about $13.6 billion.

Exceptions: Under U.S. definition, items which are excluded from trade liberalization because protection is necessary for defense industries or for producers who would suffer serious harm from such liberalization. Exceptions are permitted by Section 225 of the Trade Expansion Act of 1962.

Excess foreign currencies: Foreign currencies accrue to the United States from sales of farm products under authority of Public Law 480. However, the currencies of some countries become available in amounts in excess of U.S. requirements--a finding determined by the U.S. Treasury Department and announced by the Bureau of the Budget, usually at annual intervals. U.S. Government agencies are then put on notice to use such excess currencies, wherever possible, in preference to dollars in meeting the U.S. Government's overseas obligations.

Excess currency countries in fiscal year 1968 include Burma, Ceylon, Congo (Kinshasa), Guinea, India, Israel, Pakistan, Poland, Tunisia, United Arab Republic, and Yugoslavia.

The Treasury Department also determines near-excess currencies. "Near-excess" is defined as "above immediate needs." Like excess currencies, near-excess currencies are to be used instead of dollars wherever possible.

Near-excess currency countries in fiscal year 1968 are Bolivia, Ghana, Indonesia, Morocco, and Sudan.

Exchange rate: The price of one national currency in terms of another. For example, the British pound sterling was equivalent in mid-1966 to $2.80 American and the Franch franc to 20.255 cents, U.S.

The exchange rate may be "official," that is, fixed by the nation involved, or it may be unofficial or "free" rate--the rate on a free or uncontrolled international market. Most countries have unitary exchange rates, although several less-developed nations have multiple systems employing more than one legal rate. (Also see Exchange restrictions.)

Exchange restrictions: Direct government control of the demand for and supply of foreign exchange to regulate balance-of-payments movements and maintain existing exchange rates. By reducing the demand for or increasing the supply of foreign currency, a country may maintain a given exchange rate.

In controlling foreign exchange, governments sometimes issue exchange licenses to importers buying foreign currency for particular purposes only, thus enabling the country to control the imports of certain goods from exporting countries. Similarly, a country short of foreign exchange may utilize multiple exchange rates to limit imports of certain types of goods. With such a system, the country sets varying rates of exchange between its own currency and foreign currencies, depending on classes of imports. For needed imports of industrial goods, a rate may be set making the price of such goods in the foreign currency cheap in the currency of the importing country. Or the rate for luxuries may be set to raise the price of such imports in terms of the importing country's currency. Because authorities may change the rates at any time, multiple-rate systems inject instability into international trade.

A government prohibition against the purchase of bills of exchange payable in foreign currency is called "blocked exchange." Under such conditions, deposits in local currency are sometimes made to cover prospective remittances, but foreign creditors must wait until the block is removed or else find some way of using the local currency credited to them.

Ex-Im Bank: Export-Import Bank of Washington (see).

Export agent: See Export services.

Export allocations or quotas: Controls applied to exports by an exporting country to limit the amount of goods leaving that country. Such controls usually are applied in time of war or during some other emergency requiring conservation of domestic supplies.

Export broker: See Export services.

Export commission merchant: See Export services.

Export control of U.S. agricultural products: The U.S. Government controls exports of U.S. farm products and other goods under its authority to issue or deny export licenses. Export licensing is centered in the Office of Export Control, U.S. Department of Commerce.

The Commerce Department uses "general" and "validated" licenses. The bulk of U.S. farm products move to Free World countries--and to a few Communist countries--under appropriate general license, which is an authorization printed in the Commerce Department's Comprehensive Export Schedule. Shippers exporting under a general license are required only to note the appropriate general license symbol on the Shipper's Export Declaration. On the other hand, the shipper must make formal application for a validated license and supply information as to goods being shipped, destination, value, et cetera.

Agricultural exports to Communist countries are regulated in a more restrictive way than are shipments to the rest of the world, generally speaking. Much of the authority for such regulation is contained in Public Law 480, the Export Control Act of 1949, the Battle Act of 1951, and the Trading With the Enemy Act.

U.S. export control policies, which continue to evolve, were as follows in early 1967 with respect to exports to Communist countries:

CUBA, COMMUNIST CHINA (INCLUDING MANCHURIA), NORTH KOREA, AND NORTH VIET NAM: The United States has invoked the Trading With the Enemy Act with respect to exports to these countries. Trade is subject to a total embargo, with minor exceptions.

EAST GERMANY (INCLUDING EAST BERLIN): Generally, validated export licenses are approved for shipment of agricultural commodities that are not in short supply in the United States.

ALBANIA, BULGARIA, CZECHOSLOVAKIA, ESTONIA, HUNGARY, LATVIA, LITHUANIA, OUTER MONGOLIA, AND THE SOVIET UNION: Some agricultural commodities already are on general license and more are expected to be put on the list later in 1967. Otherwise, validated export licenses are usually approved for shipment of commodities that are not in short supply in the United States.

POLAND AND ROMANIA: With a few exceptions, exports of farm products are under general license.

YUGOSLAVIA: Exports of farm products are under general license; that is, there are virtually no restrictions.

NOTE: This discussion of export control is necessarily generalized. As already mentioned, export policies continue to evolve. And for some products, specialized restrictions exist. For example, a written permit granted by the Secretary of Agriculture is required to export tobacco seed and live tobacco plants--a requirement of the Tobacco Seed and Plant Exportation Act. Certain restrictions on sales for foreign currencies and sales for dollars under long-term credit arrangements are contained in Title I, Public Law 480, as amended by the Food for Peace Act of 1966. (See Friendly country and Credit sales, short- and long-term.) Provisions of the Cargo Preference Act (see) also apply. In other words, exporters who have any doubt about export restrictions would be well advised to get in touch with the Office of Export Control, U.S. Department of Commerce, Washington, D.C.

Export duty: See Tariffs, duties, and levies.

Export freight forwarder: See Export services.

Export-Import Bank of Washington (Ex-Im Bank): The Bank aids in financing and facilitates exports and imports and the exchange of commodities between the United States and foreign countries or their agencies or nations. The Bank supplements rather than competes with private capital. Its loans, generally made

for specific purposes, offer reasonable assurance of repayment.

The institution was established in 1934 as a corporation. The Bank is authorized to have outstanding at any one time dollar loans, guarantees, and insurance in an aggregate amount not in excess of $9 billion. The Bank is also authorized to have a capital stock of $1 billion and to borrow from the U.S. Treasury on its own obligations up to not more than $6 billion outstanding at any one time. Headquarters: Washington, D.C.

Export license: See Export control of U.S. agricultural products.

Export market value: As used in export operations under Public Law 480, "export market value" reflects the price at which U.S. agricultural commodities are sold by U.S. exporters under the program. The export market value is less than the CCC cost for those commodities for which special export programs have been developed for dollar as well as foreign currency sales to meet competition in international trade.

CCC cost reflects costs incurred by the Commodity Credit Corporation to be reimbursed under P.L. 480. These costs include CCC's investment in making surplus stocks available for export, cost of financing exports, plus ocean transportation.

Export merchant: See Export services.

Export packer: See Export services.

Export quota agreement: An international commodity agreement that allocates export quotas to exporting countries. The objective, as in the case of the coffee agreement, is to maintain prices within an agreed range by adjusting quotas to changing market demands. To prevent nonparticipating exporters from undermining such an agreement, member importing countries agree to limit imports from nonmember exporting countries, which obligates them to adjust production to market needs. (Also see International commodity agreement or arrangement.)

Export services: Several services to exporters are available from specialists functioning in the foreign trade field. They include, among others:

COMBINATION EXPORT MANAGER: Handles the foreign business of a number of U.S. firms, usually on a minimum retainer plus commission basis. He has a very close relationship with the companies he represents--in fact, he is virtually their "export department." He does business in their name, using their letterheads. His overseas agents and representatives operate in their name rather than his. His know-how and services are of particular value to small companies not yet ready to set up their own export departments.

EXPORT AGENT: His functions are very similar to those of the combination export manager, but the relationship is less close. He operates as a firm's exclusive distributor abroad, either on a worldwide or area basis, selling the firm's goods through a network of foreign representatives, salesmen, or distributors. He usually handles a number of related but noncompetitive lines for sev-

eral firms, and generally works on a commission basis.

EXPORT BROKER: Arranges agreements between two or more parties, usually agreements to sell goods to the export trade for manufacturers, dealers, and others.

EXPORT COMMISSION MERCHANT: Buys goods in the United States on the order of foreign customers and ships the goods to them. He usually works on a retainer and commission basis.

EXPORT FREIGHT FORWARDER: Handles export and import shipments for clients; that is, arranges for cargo space, insures shipments, prepares and processes customs documents, and performs other necessary services.

EXPORT MERCHANT: Buys and sells for his own account. He usually handles such details as documentation, forwarding, insuring, shipping, and sometimes packing, crating, and labeling.

EXPORT PACKER: Packs goods for export in such a way as to reduce the risk of loss from pilferage or breakage--a function that makes for lessened insurance rates.

EXPORT TRADE ASSOCIATION: Provides assistance on an industry-wide basis, usually handling the products of a group of producers. The Federal Trade Commission regulates operations of export trade associations.

SHIP BROKER: Obtains cargo and passengers for ship owners, arranges for insuring the cargo, prepares the bill of lading, sees to the loading and unloading, and provides other services.

Export subsidy: A government grant of one kind or another, made to a private enterprise, for the purpose of facilitating or expanding exports in the public good. The expression has an invidious connotation, therefore "payment," or "assistance," or "aid" usually is employed as a substitute.

The General Agreement on Tariffs and Trade covers subsidies in Article XVI. The GATT requires member countries to report on all the subsidies they grant. If the interests of any other country are prejudiced, the country granting the subsidy may be required to discuss the possibility of limiting the subsidization. So far as export subsidies are concerned, the rule states that countries should avoid subsidies on the export of primary products; when they do subsidize such exports, the effect should not be to give them more than an equitable share of world trade in the product that is subsidized.

U.S. agricultural export payment rates are designed to reflect the amounts necessary to make U.S. export prices of some U.S. price-supported commodities competitive with foreign-produced commodities in foreign markets. Rates are kept under constant review so that they do not exceed the gap between higher domestic prices and lower foreign prices.

As used by the U.S. Department of Agriculture, "export payments" include

export payments in cash or in kind, or differentials between the U.S. domestic market price and the Commodity Credit Corporation's price for commodities sold for export from Government-owned stocks at competitive world prices.

When an export payment program is in effect for an agricultural commodity, in general all exports of the commodity (except donations) are eligible for export payments or for differentials equivalent to export payments.

When payment in kind programs (often called PIK programs) are in effect, certificates at the applicable export payment rates, redeemable in commodities from CCC stocks, are issued to U.S. exporters upon proof of export of commodities from private stocks. Exporters thus move the bulk of commodities into export from commercial rather than from Government stocks. However, in August 1966, the CCC announced that the PIK program was being discontinued, except with respect to the short-term CCC export credit sales program and existing barter commitments.

In the fiscal year 1965, estimated export payments totaled $482.9 million; of which $180.9 million went for wheat and flour; $143.8 million for cotton; and $64.5 million for rice. Of total exports of $6.1 billion in fiscal year 1965, $2.2 billion, or 36 percent, received export assistance.

Export trade association: See Export services.

Exporter: A firm or person selling and shipping domestic products abroad. Manufacturers who ship their own goods, such as electronic equipment or machine tools, through their own export sales departments or subsidiaries overseas, are called "direct exporters." Those who buy goods domestically and export them are called "indirect exporters." (Also see Export services.)

Exports, U.S. agricultural: U.S. shipments of agricultural commodities to foreign countries set a new high record with a value of $6.7 billion in the fiscal year 1965-66--up 10 percent from the previous record of $6.1 billion established in the fiscal year 1964-65.

The following summarizes agricultural exports under Government-financed programs, sales for dollars, and total--fiscal years 1955-1966:

Year ending June 30	Government program	Sales for dollars	Agricultural exports-total
	- - - million dollars - - -		
1955	866	2,278	3,144
1956	1,367	2,129	3,496
1957	1,957	2,771	4,728
1958	1,251	2,752	4,003
1959	1,254	2,465	3,719
1960	1,312	3,205	4,517
1961	1,572	3,374	4,946
1962	1,660	3,482	5,142
1963	1,546	3,532	5,078

Exports, U.S. agricultural (Continued):

Year ending June 30	Government program	Sales for dollars	Agricultural exports-total
	- - - million dollars - - -		
1964	1,586	4,481	6,067
1965	1,693	4,404	6,097
1966	1,615	5,066	6,681

"Government program" includes exports under Public Law 480 and under the Mutual Security Acts, Sections 402 and 550, sales for foreign currency and economic aid.

"Sales for dollars" include, in addition to unassisted commercial transactions, shipments of some commodities with governmental assistance in the form of (1) extension of credit and credit guarantees for relatively short periods, (2) sales of Government-owned commodities at less than domestic market prices, and (3) export payments in cash or in kind.

Factoring: See U.S. export financing.

Fair average quality (FAQ): A basis for selling farm products in some countries, notably Australia, Argentina, and the Republic of South Africa. Essentially it is selling on a sample basis rather than by grade.

FAO: Food and Agriculture Organization of the United Nations (see).

FAQ: Fair average quality (see).

Far East: The National Geographic Society, in its News Bulletin 8352, issued April 22, 1952, includes in the "Far East" the area now occupied by Communist China, Nationalist China (Formosa or Taiwan), the Mongolian Republic, North Korea, South Korea, Japan, North Vietnam, South Vietnam, Cambodia, Laos, Thailand, Burma, Malaysia, Singapore, and Indonesia.

Like "Middle East," "Far East" is a rather indefinable area. A narrow interpretation of the area would include only Japan, North and South Korea, Communist China, and Formosa or Taiwan. The broadest definition normally given would consist of the land mass of Asia eastward from the Khyber Pass and Lake Baikal. The area sometimes is referred to as "East Asia" or the "Orient." (Also see Southeast Asia.)

FAS: Foreign Agricultural Service (see).

F.a.s.: Free alongside ship. Used in sales price quotations, especially for export, indicating that the price includes all costs of transportation and delivery of the goods to the dock; that is, "alongside ship." The buyer is then responsible for having the goods loaded on board and paying the cost of shipping from that point on.

Favorable balance of trade: See Balance of trade.

FCIA: Foreign Credit Insurance Association (see).

Federal Maritime Commission (Also see Maritime Administration, U.S.): The Commission functions in the following areas: (1) Regulation of services, practices, and agreements of common carriers by water and other persons engaged in the foreign commerce of the United States; (2) acceptance, rejection, or disapproval of tariff filings of common carriers engaged in foreign commerce; (3) regulation of rates, fares, charges, classifications, tariffs, regulations, and practices of common carriers by water in the domestic offshore trade of the United States; (4) investigation of discriminatory rates, charges, classifications, and practices in the waterborne foreign and domestic commerce; and (5) rendering decisions, issuing orders, and making rules and regulations governing and affecting common carriers by water, terminal operators, freight forwarders, and other persons subject to the shipping statutes. Headquarters: Washington, D.C.

Federal Republic of Germany: Usually referred to as West Germany, this area--predominantly industrial--has a population of about 58 million. It is one of the most important foreign markets for U.S. agricultural products, importing $481 million worth in fiscal year 1966, not including undetermined quantities transshipped through the Netherlands.

Fifty-percent list: See Offer list.

Findley Amendment: See Friendly country.

Five-percent list: See Offer list.

Fixed duty: See Tariffs, duties, and levies.

Flexible tariff: See Tariffs, duties, and levies.

Flight of the dollar or flight of capital: The movement of U.S. capital to foreign countries--usually accomplished through the purchase with dollars of foreign securities--to obtain higher interest rates in foreign countries or greater investment opportunities, or possibly, to escape the adverse consequences of inflation, devaluation, war, or other unfavorable economic trends.

F.o.b.: Free on board. An expression indicating that the seller assumes all responsibilities and costs up to the specific point or stage of delivery named, including transportation, packing, insurance, et cetera. The buyer takes over responsibility and costs at the same point. A wide variety of f.o.b. terms are used, such as f.o.b. factory, f.o.b. cars, f.o.b. ship New York, f.o.b. Detroit, et cetera.

Food and Agriculture Organization of the United Nations (FAO): FAO works in the broad field of agriculture, including fisheries, forestry, food processing and distribution, and nutrition. A big part of the work is helping underdeveloped countries help themselves. With financial aid from the United

Nations, FAO has carried on extensive technical assistance work in over 100 countries. Worldwide support and additional financial assistance for this work is being mobilized through FAO's Freedom from Hunger Campaign. With the United Nations, FAO also is administering a $275 million World Food Program, which uses surplus food to relieve hunger and promote economic growth in the less-developed countries. FAO serves as an international clearing house for information and statistics on the world food situation. FAO also has established subsidiary bodies to deal with specific international commodity problems, including commodity study groups (see) and a consultative committee on surplus disposal. Other groups provide forums for international consultation on animal diseases, forestry and fishery matters, and other problems of an international nature.

FAO was founded in October 1945, although preliminary groundwork had been completed in May 1943. FAO now has 117 member nations. Headquarters: Rome, Italy.

Food balance: The supply of food in relation to the populations to be fed.

Food for Freedom program: A U.S. program that encompasses not only food shipments to needy countries but also takes in technical agricultural assistance provided to them. It is aimed broadly at helping less-developed countries meet immediate food shortage problems while helping them to become self-sustaining in the future.

Food aid phases of the program are carried on primarily under authority of Public Law 480 (see). The value of these shipments in the 1960's has been on the order of $1.6-$1.7 billion annually--about one-fourth of total U.S. agricultural exports. Wheat, rice, and vegetable oils are the main aid commodities; other items include feed grains, tobacco, and cotton. Considerable interest has developed in formulated foods, which would be used primarily in child feeding operations.

Food for Freedom strongly emphasizes the principle of "self-help"; that is, the doctrine that food aid from the United States must be accompanied by a major effort on the part of recipient countries to provide more of their own food from their own resources and through their own efforts.

Where countries show willingness to give high priority to agricultural improvement, the United States reinforces such self-help efforts with technical support from the U.S. Department of Agriculture, the Agency for International Development, Land-Grant universities, and private agricultural resources.

The Food for Freedom program is synchronized to the extent possible with the overall U.S. development assistance program--a program that includes efforts to increase availability of fertilizer and other agricultural materials.

Help of other countries is sought in solving the world food problem. For example, President Johnson recommended in February 1967 that food and food-related aid to India be made through the multinational India Aid Consortium (see). Food for Freedom also calls for expansion of the multinational World Food Program (see) beyond its present scope.

The program provides for assistance to countries that decide to undertake

family planning programs. Public Law 480, as amended, provides that foreign currencies generated through sales of U.S. food to needy countries may be used for financing, at the request of such countries, "programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth . . ."

Unlike previous programs, food aid shipments will come from commodities "made available"; not just from those that happen to be in surplus. Elimination of the "surplus" concept in food aid is predicated on the belief that the same programs that helped to eliminate commodity surpluses are flexible enough to gear farm production to quantities that can be used constructively.

Stress will be placed, particularly in donation programs, on food that meets childrens' requirements for protein, minerals, and vitamins.

One long-range goal of Food for Freedom is expansion of commercial markets for American agricultural commodities. Food aid in many instances has hastened economic reconstruction and development. Economic growth, in turn, has meant expanded foreign outlets for U.S. food and fiber. This process of cause and effect has been seen in Italy, Spain, Japan, and Taiwan, among others.

The program became effective January 1, 1967, with respect to food aid.

Food for Peace Act of 1966: Legislation, enacted October 21, 1966, and signed by President Johnson on November 12, 1966, extending Public Law 480 (see), effective January 1, 1967, through the calendar years 1967 and 1968. The new act makes possible the Food for Freedom program (see).

Food for Peace program: See Food for Freedom program.

Food reserves: Supplies of food stores against contingencies either by food-exporting or food-importing countries. The expression is used most commonly, however, in connection with proposals to store in the underdeveloped countries supplies of food from the surplus-producing nations. In a report by Dr. B. R. Sen, Director-General of FAO, entitled "Development through Food--A Strategy for Surplus Utilization," he said, "National food reserves should be established with the help of food surpluses. They can make it possible for the recipient countries to meet emergencies, crop fluctuations, the needs of development policies, and particularly to maintain floor prices giving positive incentives to farmers to increase output and productivity."

Force majeure: The title of a standard clause found in contracts exempting the parties from liability for non-fulfillment of their obligations by reason of certain acts beyond their control, such as earthquake or war.

Foreign agricultural market development: Includes all activities--in the United States as well as in foreign countries--to influence the flow of U.S. farm products to foreign consumers. Market development encompasses measures by government agencies, farmers, processors, exporters, and others to improve acceptability of U.S. farm commodities in foreign markets. It takes in such services as information and grading. It includes Government export payments. It embraces action by government and international agencies to lower trade barriers. It involves market promotion activities carried on cooperatively by government and trade groups, such as participation in trade fairs, advertising, distribution of samples, sponsored visits of foreign buyers to the United States, and

the like. Market development, in brief, covers activities undertaken all the way along the "marketing chain."

Foreign agricultural market promotion, U.S.: One phase of foreign agricultural market development activity. Foreign agricultural market promotion takes place at or near the consumption end of the marketing system. Promotion activities are designed to increase or forestall decreases in consumption of a commodity, primarily through use of persuasive and educational techniques. Generally these activities are aimed at foreign consumers, although efforts may be directed toward retailers, wholesalers, and other commercial handlers of farm products. Activities pursued under the heading of market promotion include advertising in all its forms, press releases, public relations programs, participation in international trade fairs and other types of expositions, direct sales contacts, and related efforts.

Foreign Agricultural Service (FAS): An export promotion and service agency for U.S. agriculture, within the U.S. Department of Agriculture. Work of FAS covers seven broad areas:

1. Maintaining and expanding agricultural exports by cooperating with private business on jointly financed market development projects abroad, including international trade fairs, operation of trade centers, and other sales promotion activities; and by appraising overseas marketing opportunities and communicating them to the U.S. agricultural trade.

2. Improving access to foreign markets for U.S. farm products through representations to foreign governments and through participation in formal trade negotiations with other countries and regional groups, such as the European Economic Community.

3. Operating a global reporting and analysis network covering world agricultural production, trade competition, and policy situations that affect American agriculture. This service is made possible through FAS's attaches and officers stationed at 59 key posts covering more than 100 countries and through specialists who make surveys abroad. Current information covering all principal farm commodities moving in world trade is made possible through publications to U.S. farm and business interests.

4. Implementing major parts of Public Law 480 (see).

5. Formulating and administering Commodity Credit Corporation and FAS export program and pricing policies relating to foreign sales for dollars of CCC-owned commodities; represents U.S. agricultural interests and the Department on these programs in relations with other U.S. Government agencies.

6. Supplying the food trade with information on quantity, quality, and availability of foreign farm products that the United States imports.

7. Administering a system of import quotas under Section 22 (see).

Headquarters: Washington, D.C.

Foreign agricultural trade information: The Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D.C. 20250, issues a wide variety of foreign agricultural trade information, much of which comes from agricultural attaches stationed at 59 posts throughout the world, and from agricultural marketing specialists who are sent abroad to make special investigations. The information is presented through a wide variety of publications, including the weekly "Foreign Agriculture," and bulletins, circulars, press releases, world summaries, and other materials.

The Economic Research Service, U.S. Department of Agriculture, Washington, D.C. 20250, also issues information on foreign agricultural matters. A monthly publication, "Foreign Agricultural Trade of the United States," contains detailed statistics on U.S. agricultural exports and imports. ERS also publishes the "World Agricultural Situation," "Farm Index," and many other publications summarizing world conditions and developments affecting foreign markets for U.S. farm products.

Foreign assistance (or aid), U.S.: The United States has been carrying on foreign assistance operations since the end of World War II. Obligations and loan authorizations under the aid program from July 1, 1945, through June 30, 1965, totaled $116,090,000,000. Of this amount, $81,443,000,000 represented economic aid, and $34,647,000,000 military assistance.

Over the 1945-65 period, France led in the volume of total U.S. assistance received, with $9.4 billion, followed by the United Kingdom, $9.0 billion; South Korea, $6.3 billion; Italy, $6.1 billion; India, $5.9 billion; and West Germany, $5.0 billion. The large totals for Western European countries reflect Marshall Plan assistance (see).

The proportion of economic aid to total foreign assistance rose from 47 percent in 1953-57 to 79 percent in the fiscal year 1965.

In the fiscal year 1965, 34 percent of U.S. economic aid went to the Middle East and South Asia; 26 percent to Latin America; 15 percent to the Far East; 9 percent to Europe; 7 percent to Africa; and 9 percent to destinations difficult to segregate by region.

In 1965, P.L. 480 accounted for 31 percent of foreign aid obligations and loan authorizations.

Foreign Credit Insurance Association (FCIA): An association of approximately 70 private insurance companies and the Export-Import Bank, which provides export credit insurance for short- and medium-term (up to 5 years) transactions. Both political and commercial risks are covered. Address: 250 Broadway, New York, N.Y. 10038.

Foreign currencies: An expression used frequently in connection with operations under Title I, Public Law 480, which authorizes sales of United States farm products for foreign currencies. Title I also spells out uses to which the foreign currencies may be put, such as: To help develop new markets for U.S. farm products; to obtain military equipment, materials, facilities, and serv-

ices; to finance the purchase of goods or services for other friendly countries; to promote economic development and trade of underdeveloped countries; to pay U.S. obligations abroad; to finance educational exchange activities; and others.

Foreign currencies generated under Title I are sometimes referred to--erroneously--as "counterpart funds" (see).

Foreign exchange: International transfers of economic values in terms of money by means of credit instruments, including transfers by telegraph, cable, et cetera. The main problems of foreign exchange are concerned with two operations: (1) the conversion of the money of one country into that of another; and (2) the transfer of money values from one country to another.

Foreign-trade zone: An enclosed, guarded port, or section of a port, where goods may be received and shipped free of customs duty and of most customs regulations. It is also called a free port, free-trade zone, or entrepot facility.

Example: Foreign exporters planning to expand or open up new American outlets may forward their goods to a foreign-trade zone in the United States to be held for an unlimited period while awaiting a favorable market in the United States or nearby countries, without being subject to the customs laws and without entry or bond. Merchandise lawfully brought into these zones may be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign and domestic merchandise, or otherwise manipulated, or be manufactured. In most instances, foreign goods may also be manufactured in a zone with other foreign goods or with domestic goods brought into the zone. The resulting merchandise may thereafter be either exported or transferred from the customs territory. When foreign goods are transferred into customs territory of the United States from a foreign trade zone, the goods must be entered at the customhouse. U.S. foreign trade zones are located at New York, New Orleans, San Francisco, Seattle, Toledo, and Mayaguez, Puerto Rico.

FORMA: A short name for the French Government food agency--Fonds d'Orientation et de Régularisation des Marchés Agricoles. FORMA is responsible for stabilizing prices of many French farm products and for helping to provide food at reasonable costs to French consumers. Its functions in France are akin to those of the Commodity Credit Corporation in the United States.

FORMA's operations affect prices and supplies of dairy products, beef and veal, pork, poultry, fruits, vegetables (including potatoes), fats and oils, wine, fruit juices, mushrooms, hops, cut flowers, angora rabbits, textiles. (Stabilization of grain and sugar prices is carried on by other agencies, but their policy objectives parallel those of FORMA.)

FORMA acquires products from farmers when surpluses develop, and stores them--or exports them, with or without subsidies. When shortages appear, FORMA's commodities are not only put back into marketing channels, but the agency may encourage imports or even buy commodities abroad.

Many of FORMA's operations are carried out through government-financed professional "intervention" organizations--with FORMA exercising direct control

over their activities. Prices of dairy products, for example, are stabilized through an agency called INTERLAIT, and meat through an organization referred to as SIBEV.

Formosa: See Taiwan.

Franco-frontier price: See Common agricultural policy terms, specifically FREE-TO-FRONTIER PRICE.

Fraudulent entry: See Smuggling.

Free list: A list in the U.S. tariff law of goods not liable to the payment of customs duties.

Free port: See Foreign-trade zone.

Free-to-frontier price: See Common agricultural policy terms.

Free trade: International trade unhampered by governmental barriers, such as tariffs or non-tariff restrictions. Completely free trade is not practiced today by any country of the world.

Free trade association: Made up of countries that have eliminated, or are in the process of eliminating, many tariffs, quotas, and other governmental restrictions on trade among members. An example is the European Free Trade Association.

A free trade association resembles a customs union (see) in some particulars, notably in the relatively unrestricted movement of goods among member countries. But there is one fundamental difference between the two types of organizations: the free trade association does not have a common external tariff--the member countries maintain their individual tariff restrictions with respect to trade with non-member countries--whereas the customs union does have a common external tariff. Any other differences between the two types of organizations--as between the EFTA and the EEC--trace primarily to political or economic factors.

Free-trade zone: See Foreign-trade zone.

Free World: Usually refers to all non-Communist countries collectively.

Freedom from Hunger Campaign: A world-wide program, carried on by the Food and Agriculture Organization to encourage global support and financial assistance for programs to increase crop yields, make new foods available, and multiply fisheries catches in underdeveloped countries. The program, launched July 1, 1960, has been placed on a continuing basis.

Campaign headquarters in the United States: Freedom from Hunger Foundation, 1815 H Street, N.W., Washington, D.C. International headquarters: Food and Agriculture Organization, Rome, Italy.

Freight forwarder: See Export services.

Friendly country: Public Law 480, as amended by the Food for Peace Act of 1966, directs the President to conclude agreements, for the sale of agricultural commodities for dollars on credit terms or for foreign currencies, only with "friendly countries."

Under the Act, "friendly country" shall not include any country or area dominated or controlled by a foreign government or organization controlling a world Communist movement, and, for the purpose only of sales for foreign currencies under Title I, Public Law 480, any country or area dominated by a Communist government. (Title I, as amended, now covers sales for dollars on credit terms and sales for foreign currencies.)

The Act also excludes from its definition of "friendly"--for the purpose only of sales under Title I--any nation that sells or furnishes or permits ships or aircraft under its registry to transport any equipment, materials, or commodities to or from Cuba or North Vietnam so long as they are governed by a Communist regime. With respect to furnishing, selling, or selling and transporting to Cuba medical supplies, non-strategic raw materials for agriculture, and non-strategic agricultural or food commodities, sales agreements may be entered into if the President finds them to be in the national interest of the United States and publishes the findings and reasons in the Federal Register.

(The section dealing with Cuba and North Vietnam often is referred to as the "Findley Amendment," because it was introduced by Congressman Paul Findley, of Illinois.)

The Act excludes sales under Title I to the United Arab Republic, unless the President determines such sales to be in the national interest. Also, sales to the United Arab Republic are limited to requirements of that country for only one fiscal year.

The President may--notwithstanding any other Act--enter into agreements for the sale of agricultural commodities for dollars on credit terms under Title I with countries which fall within the definition of "friendly country" for the purpose of such sales. (Note: In other words, a country may be eligible for dollar credit, but not eligible for a sale for foreign currencies, including a sale on credit for foreign currencies which are converted into dollars.)

No sales shall be made to any country that the President finds is (a) an aggressor in a military sense against any country having diplomatic relations with the United States, or (b) that uses funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States.

The Food for Peace Act also provides that "nothing in this Act shall be construed as authorizing sales agreements under Title I with any government or organization controlling a world Communist movement or with any country with which the United States does not have diplomatic relations."

Gate price: See Common agricultural policy terms.

General Agreement on Tariffs and Trade (GATT): A multilateral agreement, negotiated in 1947 among 23 countries, including the United States, to increase international trade by reducing tariffs and other trade barriers. Today 66 countries have full participant status; 6 countries participate provisionally; and 7 belong to GATT under special arrangement. Almost three-fourths of the 79 countries fall in the "less developed" category.

The GATT countries account for about 85 percent of the world's trade. It is estimated that under the GATT, tariffs have been reduced on products accounting for about 50 percent of the world's trade. GATT rules also apply to customs or tariff unions (common markets) such as the European Economic Community.

The GATT is based on three fundamental principles: (1) Trade should be conducted on the basis of nondiscrimination; that is, the most-favored-nation principle (see) should apply to trade benefits and trade restrictions. (2) Protection should come through the customs tariff and not through other measures; the use of import quotas as a protective device is explicitly prohibited, and their use for other purposes, such as to safeguard the balance of payments, is regulated by GATT rules. (3) Consultation is provided for to avoid damage to the trading interests of contracting parties. Each of these three principles is subject to exceptions, however, and many articles of the GATT spell out the exceptions in detail.

The GATT covers most-favored-nation treatment; schedules of concessions; i.e., lists of products on which tariffs have been reduced or bound against increase; national treatment on internal taxation and regulation; freedom of transit across the territory of a contracting party; anti-dumping and countervailing duties; valuation for customs purposes; fees and formalities connected with importation and exportation; marks of origin; publication and administration of trade regulations; exchange arrangements; subsidies; state-trading enterprises; and governmental assistance to economic development. The GATT trading rules are covered in 38 articles, the last three of which were recently added. The new articles recognize the special trade needs of the less-developed countries and spell out various measures that the developed countries may take to expand exports of the less-developed countries.

General tariff conferences--also called "tariff negotiation sessions" or "rounds"--also are held under GATT auspices. Six have been convened to date: First, Geneva, Switzerland, 1947; Second, Annecy, France, 1949; Third, Torquay, England, 1950-51; Fourth, Geneva, 1956; Fifth, sometimes referred to as the "Dillon Round," Geneva, 1960-61; and Sixth, sometimes referred to as the "Kennedy Round," began in May 1964 and was still in progress early in 1967, in Geneva. Through these tariff bargaining conferences, customs duties on thousands of products traded across the frontiers of member countries have been reduced.

Work of the CONTRACTING PARTIES to the GATT is administered by a secretariat under a Director General. (The term "CONTRACTING PARTIES" in capital letters stands for the governments which have fully acceded to the GATT acting collectively.) The CONTRACTING PARTIES meet at least once a year in general session; during the rest of the year their work is delegated to a Council.

There is also an active program of committee activity between sessions. In 1958, the CONTRACTING PARTIES inaugurated a coordinated program of action aimed at international trade expansion, and established three GATT committees to carry on the work. Committee I arranges for further rounds of multilateral negotiations. Committee II has the task of examining the effects of national agricultural policies on trade, especially protectionist aspects of such policies. Committee III was responsible for recommending solutions to the broad problems faced by the less-developed countries in expanding their exports to the rest of the world, particularly to the industrialized countries; but since early 1965 the activities of Committee III have been transferred to a new Committee on Trade and Development, organized, in line with new provisions of GATT, to further the aims of the less-developed countries.

GATT provides procedures for settling differences.

Article XXIII, for example, outlines procedures to be followed when Country A believes that benefits to which it is entitled under the GATT are being nullified or impaired by Country B. First, Country A may make written representations or proposals to Country B. Second, if no satisfactory adjustment is effected within a reasonable time, the matter may be referred to the CONTRACTING PARTIES, which may recommend that Country B provide the benefits to which Country A is entitled. Third, if the CONTRACTING PARTIES consider circumstances warrant such action, they may authorize Country A to suspend such concessions or other obligations to Country B as Country A deems appropriate. In such a case, the MFN principle need not apply; Country A's action could affect only Country B. Fourth, Country B has the privilege of giving written notice to the CONTRACTING PARTIES not later than 60 days after action by Country A of its intention to withdraw from the GATT, withdrawal to be effective 60 days later.

Article XXVIII covers procedures to be followed when Country B (or Customs Union B) withdraws a tariff concession granted under the GATT, thus affecting Country A. Before withdrawal, Country B has an obligation to negotiate with Country A and to offer compensatory adjustment. If agreement cannot be reached, and Country B withdraws the concession, Country A is free to withdraw substantially equivalent concessions initially negotiated with Country B. In accordance with the MFN principle, withdrawal by Country A of a concession from Country B calls for withdrawal by Country A of the same concession from all other countries. (See Compensatory withdrawal or suspension of trade concessions.)

GATT headquarters: Geneva, Switzerland.

<u>General license</u>: See Export control of U.S. agricultural products.

<u>General tariff</u>: See Tariffs, duties, and levies.

<u>Go-down</u>: A warehouse or storehouse in an Oriental country.

<u>Gold reserves</u>: See Balance of payments.

<u>Government program exports</u>: See Public Law 480.

Grades, export: Minimum grades a country will allow to be exported. For example, the United States regulates shipments of certain fruits to foreign destinations under authority of the Export Apple and Pear Act and the Export Grape and Plum Act. Export grades, however, are the exception rather than the rule in the agricultural trade of the world.

Grant (as used in P.L. 480 programs): The transfer, by the United States to foreign governments, of foreign currencies acquired by the United States through sales of U.S. farm products. "Grant" also is used in connection with the transfer, by the United States to foreign governments, of U.S. agricultural commodities as distinguished from "donation" of farm products to U.S. voluntary agencies carrying on foreign relief operations. "Grant" and "donation," however, are often used interchangeably.

Gross national product: The total market value of all final goods and services produced by a nation's economy before deducting depreciation charges and other allowances for consumption of durable capital goods.

Gross weight: Weight of the package as shipped--contents plus weight of crate, bale cover, container, et cetera.

Groundnuts: The word for "peanuts" in the United Kingdom and some other Commonwealth countries.

Guaranties: See U.S. export financing.

Guide price: See Common agricultural policy terms.

Hard currencies: Freely convertible currencies accepted generally by the countries of the world as mediums of exchange. Examples: U.S. and Canadian dollars; British pound sterling; French, Swiss, and Belgian francs; Italian lire; Spanish pesetas; Japanese yen.

Hectare: See Conversion factors.

Hundredweight (cwt.): See Conversion factors.

Imperial preference: (Also called British Commonwealth preference or Commonwealth preference.) See Tariffs, duties, and levies. Also see Commonwealth.

Import fee or tax: A charge in excess of the duty imposed on the importation of goods.

Import license or quota: See Quantitative restrictions.

Imports, agricultural, U.S.: Purchases by the United States of agricultural commodities produced abroad. Agricultural imports of the United States in the fiscal year 1966 had a value of $4,454 million.

"Complementary" U.S. agricultural imports represent imported items not produced in appreciable volume in the United States. Examples: Coffee, cocoa,

tea, spices, rubber, cordage fiber. Complementary imports of the United States in the fiscal year 1966 had a value of $1,982 million.

"Supplementary" U.S. agricultural imports are in-shipments of products produced in considerable volume in the United States. Examples: Sugar, meats, tobacco, wool, vegetable oils. The value of supplementary imports in the fiscal year 1966 was $2,472 million.

Income explosion: Refers to the rapid rise in per capita income occurring in many countries, notably the more advanced ones. The income explosion, like the population explosion (see), puts extra pressure on world food supplies. That comes about because people whose diets are unsatisfactory tend to improve them as their income increases. This means an increase in per capita food consumption, whether the increase is quantitative, as would be the case in countries where people largely use grain in their diets, or qualitative, where more livestock products -- which require grain in their production -- are consumed. Either way there is an increase in per capita consumption of grain. The present increase, coming in conjunction with a sharp increase in population, has accentuated the gravity of the current world food problem.

India Aid Consortium: The Consortium (pronounced kon-sor-shum) was organized in 1958. The World Bank (International Bank for Reconstruction and Development) serves as Chairman. Other members include Austria, Belgium, Canada, France, West Germany, Italy, Japan, the Netherlands, the United Kingdom, the United States, and the International Development Association (an affiliate of the World Bank).

Purpose of the Consortium is to provide a unified approach to India's aid requirements. It seeks to determine areas of greatest need, then helps to close the foreign exchange gap. In the fiscal years 1962 through 1965 it furnished India $4,445 million through grants, concessional loans (long-term), and conventional loans.

In his Message on India Food, transmitted to the Congress February 2, 1967, President Johnson recommended that U.S. food and food-related aid to India be made part of a multilateral assistance program through the channel provided by the India Aid Consortium.

In making this recommendation, the President said, "The Consortium provides a proper channel for the food and food-related aid of donors who have not previously been involved in the food field. It will make clear that food provided from outside is as much a real contribution to Indian development as is capital for specific projects or foreign exchange assistance for import programs.

"Should this program be established, we will support the India Consortium as it undertakes a detailed projection of Indian food production and food aid requirements; prepares a program for non-food imports required to meet food production targets, as the basis for determining the equitable share of each donor; reviews India's self-help efforts, reports regularly on progress, and identifies areas for future concentration of energies."

Indicative price: See Common agricultural policy terms, specifically TARGET PRICE.

Indirect exporter: See Exporter.

Industrialized countries: Usually refers to "developed" countries, those that have achieved sustained economic growth, as contrasted with those that have not, the latter generally being referred to as "underdeveloped," "less developed," "developing," or "emerging." Occasionally the expression refers to the degree to which a country has developed its manufacturing industry, as, for example, "West Germany is more industrialized than Italy."

Infant industry argument: The doctrine that tariff duties are needed for the protection of new industries. It was made famous in 1841 by the German economist Friedrich List. He observed that a country in the agricultural stage of development, about to advance into the manufacturing stage, will meet difficulties during the transition period because of the competition of established industrialized nations.

Economists generally admit that the infant industry argument has merit; but they also emphasize that protection is justified only in the case of industries in which the protecting country may be expected eventually to have a comparative advantage.

Interagency Textile Administrative Committee (ITAC): See Long-term Cotton Textile Arrangement.

Interagency Trade Organization: An agency set up under the Trade Expansion Act of 1962 to provide the President guidance in carrying out trade expansion functions. Chairman is the Special Representative for Trade Negotiations. Other members are the Secretaries of State, Treasury, Defense, Interior, Agriculture, Commerce, and Labor.

Inter-American Development Bank: The purpose of the Bank, which commenced operations on October 1, 1960, is to promote the economic development of member countries, individually and collectively. Member countries include 19 Latin American Republics and the United States.

The Bank may make loans to either government or private entities. Loans generally are made for specific projects, but also may be granted to development banks and institutions in member countries for re-lending for projects not large enough to warrant direct credits from the Bank. Loans to private borrowers may be made either with or without a governmental guarantee.

The Bank provides technical advice and assistance in preparing, financing, and executing development plans and projects.

The Bank also administers the Social Progress Trust Fund used for loans for projects or programs designed to achieve improved conditions in the fields of land settlement and improved land use, housing for low income groups, community water supply and sanitation facilities, and supplementary financing of facili-

ties for advanced education and training related to economic and social development. Technical assistance may also be provided. Headquarters: Washington, D.C.

Inter-American Institute of Agricultural Sciences (IAIAS): A special organ of the Organization of American States. Membership in the Institute is open to governments of the 21 American Republics. Twenty countries are new members, the list including the United States but not including Cuba.

The Institute seeks to encourage and advance the development of agricultural sciences in the American Republics through research, teaching, and extension activities. Headquarters: Pan American Union, Washington, D.C. Field Headquarters: Turrialba, Costa Rica.

International Agricultural Development Service (IADS): An agency within the U.S. Department of Agriculture responsible for the general administration and coordination of Department programs and activities in the field of foreign assistance and training. It trains in the United States foreign officials, scientists, technicians, and other foreign nationals in agriculture and home economics. It coordinates and mobilizes the resources of the Department in planning, executing, and evaluating country or regional agricultural technical assistance programs. It evaluates the progress less-developed countries are making in the way of expanding their own total and per capita food production. It maintains liaison with the Agency for International Development, and with the Food and Agriculture Organization of the United Nations, universities, and other public and private organizations involved in development programs. Headquarters: Washington, D.C.

International Bank for Reconstruction and Development: This organization also is known as IBRD and World Bank. It makes good-risk loans, or guarantees loans, for reconstruction of industry and development of economic facilities. For example, loans have been made for development of electric power, transportation, communications, agriculture and forestry, industry, water supply, and education.

The World Bank's activities are meshed closely with those of the International Development Association (see), its Board of Governors and Executive Directors also being responsible for administration of the IDA.

As of December 31, 1965, 103 countries, subscribing $21,629 million, were members of the bank. The Bank had made 446 loans amounting to the equivalent of $9,312 million in 77 countries and overseas territories. Headquarters: Washington, D.C.

International Coffee Agreement: An agreement signed by 58 countries, representing all major exporters and importers, which collectively account for the bulk of the world's coffee trade. The pact, effective October 1, 1963, will run through September 30, 1968.

Exporting countries have export quotas which are periodically reviewed and adjusted when circumstances warrant. Exporting countries undertake to adjust

production of coffee while the Agreement remains in force to the amount needed for domestic consumption, exports, and reasonable reserve stocks, to reduce stocks when they are on a very high level, and to refrain from engaging in direct and individual linked barter transactions involving the sale of coffee in traditional markets.

Importing members are obligated to restrict imports from non-members to a previous 3-year average level if exporting members account for less than 95 percent of world exports, to require certificates of origin from exporting members for all coffee imports so as to help implement quota provisions and thus bring about the freest possible movement of coffee in international trade, and to provide such statistical information as is required.

Exporting and importing countries share equally in the voting power. Votes are allocated in accordance with a country's trade, with a ceiling to avoid domination by one or two members. The United States has 400 of the 1,000 votes of importing countries. Exporters also have 1,000 votes.

The Agreement is administered by the International Coffee Organization through the International Coffee Council, its Executive Board, its Executive Director, and its staff. Headquarters: London, England.

International commodity agreement or arrangement: An undertaking by a group of countries to stabilize trade, supplies, and prices of a commodity for the benefit of participating countries.

"Agreement" usually refers to formalized intergovernmental understandings. In 1966, three international agricultural commodity agreements were in effect for wheat, coffee, and olive oil.

"Arrangement" is a less-rigid word sometimes used to cover not only international commodity agreements but also other types of undertakings that rest on less-formalized understandings. A Long-term Cotton Textile Arrangement was concluded in February 1962.

A major effort to develop international commodity agreements was made in the early 1930's when the production and consumption of raw materials were badly out of balance. Several were developed, with varying success, mostly between producing countries. Special attention was given coffee, rubber, sugar, tea, and wheat. Since then, the growing complexity of trade has strengthened interest in them.

Under auspices of the General Agreement on Tariffs and Trade, a study of the feasibility of a world grain arrangement was initiated by a Cereals Group in 1963, and other groups began similar studies for meat and dairy products.

Commodity agreements are of three types, as follows:

The quota agreement allocates export quotas to exporting countries and endeavors to maintain prices within an agreed price range by adjusting the quotas to changing market demands. The coffee agreement is basically of this

type.

The buffer stock system endeavors to hold prices within a specified range through the operation of a buffer stock organization, which sells when prices reach the ceiling and buys when they decline to the floor. Its success depends largely on the resources and operating capacity of the buffer stock organization. No formal international buffer stock agreement involving agricultural products is now in effect.

The multilateral contract is essentially a contract between exporting countries and importing countries to sell or buy, if required, defined quantities or percentages of purchases of the commodity at prices no higher, on the one hand, or lower, on the other hand, than laid down in the agreement. The wheat agreements of 1949, 1953, and 1956 represent one example of this type of agreement, and the 1959 and 1962 agreements represent another.

The United Nations Conference on Trade and Development (see) is now actively working on several possible agreements, especially for commodities grown or produced in developing countries.

The following agreements or arrangements are discussed under separate headings: International Coffee Agreement, International Olive Oil Agreement, International Sugar Agreement, International Wheat Agreement, Commonwealth Sugar Agreement, and Long-term Cotton Textile Arrangement.

International commodity study group: A formal organization, frequently within the Food and Agriculture Organization, through which marketing and related problems involving a particular commodity are discussed by representatives of producing and consuming countries and solutions proposed--through commodity agreements or in other ways.

Study groups have been established for bananas; citrus fruit; cocoa; grains; hard fibers; jute, kenaf, and allied fibers; oils, fats, and oilseeds; rice; rubber; and wool. The International Cotton Advisory Committee also functions as a study group.

The FAO has established criteria for study groups, as follows: (1) The commodity involved must be faced with difficulties that can be attacked by international consultation and study, (2) a number of FAO countries should benefit from the work of the group, (3) a reasonable number of governments should participate, (4) the commodity involved must be important by virtue of the volume of trade and the importance of foreign exchange earnings to exporting countries, (5) efforts of the study group should show promise of contributing to short-term stability and long-term equilibrium of the commodity, (6) the study group should improve availability of information and statistics, (7) the study group should improve the marketing structure through such means as establishing international grades and standards and assessing production and consumption trends and national policies and programs, and (8) establishing that existing machinery and facilities are inadequate.

International compensatory arrangements: See United Nations Conference on

Trade and Development (UNCTAD).

International Cotton Advisory Committee (ICAC): Assembles and analyzes data on world cotton production, consumption, stocks, and prices. It keeps in close touch with developments in the world cotton market and suggests to member governments measures for the achievement of international collaboration. Established in 1939, ICAC now has a membership of 40 governments. Headquarters: Washington, D.C.

International Development Association (IDA): Purposes of the IDA, which is administered by the International Bank for Reconstruction and Development (see), are "to promote economic development, increase productivity and thus raise standards of living in the less developed areas of the world included within the Association's membership, in particular by providing finance to meet their important developmental requirements . . ."

Organized in 1960, membership in IDA is open to all member countries of the World Bank. By December 31, 1965, 96 countries had become members with initial subscriptions totaling close to $1,000 million. In 1965, formalities were completed for the first general replenishment of IDA resources. Eighteen capital exporting countries are contributing more than $750 million. The World Bank itself is contributing $125 million from its net income for fiscal years 1964 and 1965.

By December 31, 1965, IDA had extended 79 development credits totaling $1,192 million in 30 countries for improved transportation, agriculture, electric power facilities, industry, education, and municipal water supplies. The credits were for terms of 50 years, free of interest.

IDA's Board of Governors and Executive Directors are the same as those holding equivalent positions in the World Bank, serving ex officio in IDA. The Association has no separate officers and staff, those of the World Bank serving IDA concurrently and without additional compensation. Headquarters: Washington, D.C.

International Finance Corporation (IFC): An affiliate of the International Bank for Reconstruction and Development--the World Bank (see)--IFC is a separate legal entity and has its own funds and staff. Membership, which now numbers 81 nations, is open to all countries that are members of the World Bank.

IFC's activities fall under four main heads: (1) Investment on an equity or mixed loan and equity basis, chiefly in manufacturing enterprises to date; (2) standby and underwriting arrangements; (3) technical and financial appraisal and supervision of industrial and mining projects, as well as work with development finance companies, in both of which connections IFC renders certain services to the World Bank and to the International Development Association; and (4) the sale of participations in its investments. From the beginning of its operations in July 1956 to December 1965, IFC had made commitments for an aggregate total of $150 million in 34 member countries. The IFC is now permitted to borrow funds from the World Bank for use in its lending operations, the limit of such borrowings being $400 million. Headquarters: Washington, D.C.

International Institute for Cotton: Founded in March 1966, its purpose is to increase world consumption of cotton and cotton products through utilization research, market research, sales promotion, education, and public relations. Initial areas of activity will be the main cotton importing areas, Western Europe and Japan.

Member countries in early 1967 were India, Mexico, Spain, Sudan, Tanzania, Uganda, United Arab Republic, and the United States. The Institute is financed by annual assessments equal to $1 (U.S.) per 500-pound bale of spinnable cotton exports by each member country to Western Europe and Japan. Beginning in 1967 assessments--payable in convertible currencies--will total nearly $4.5 million. It is expected that the industries of importing countries will contribute an equivalent amount, making approximately $9 million available for promotion by 1968.

Promotion will take the form of trade advertising concentrated in key apparel markets; national campaigns in collaboration with local textile and product manufacturers, retail chains, department stores, and shops; national and local advertising, point-of-sale materials, localized publicity, and educational work. Research to improve the quality of cotton products will be developed.

General Assembly headquarters: Washington, D.C. Operating office headquarters: Brussels. Country or regional offices: London, Paris, Milan, Frankfurt, Oslo, and Osaka.

International Monetary Fund (IMF): IMF began exchange operations on March 1, 1947, following its creation in 1944 at the Bretton Woods Monetary and Financial Conference.

Purposes of the Fund are (1) to promote international monetary cooperation through a permanent institution providing machinery for consultation and collaboration on international monetary problems; (2) to facilitate the expansion and balanced growth of international trade; (3) to promote exchange stability; (4) to assist in the establishment of a multilateral system of payments for current transactions between members; and (5) to give confidence to members by making the Fund's resources available to them under adequate safeguards.

Member countries numbered 103 on December 31. 1965, and their combined quotas totaled the equivalent of $15,976.6 million, of which the U.S. quota, at $4,125 million, was the largest. Headquarters: Washington, D.C.

International Olive Oil Agreement: Stated objectives of the Agreement are: (1) to insure fair competition and guarantee delivery of a commodity that conforms to specifications of contracts concluded; (2) to extend olive growing and consumption of olive oil; and (3) to reduce disadvantages due to fluctuations of market supplies. Participating as producers in the present agreement are Algeria, Greece, Israel, Italy, Libya, Morocco, Portugal, Spain, Tunisia, and Turkey, and, as importers, Austria, Belgium, France, Luxembourg, Senegal, United Kingdom, and West Germany.

The present International Olive Oil Agreement became effective October 1, 1964, and is scheduled to expire September 30, 1967, unless renewed. Headquarters: Madrid, Spain.

International Sugar Agreement: Broad objectives are to assure supplies of sugar to importing countries and markets for sugar to exporting countries at equitable and stable prices; to increase the consumption of sugar throughout the world; to maintain the purchasing power of countries or areas where economies are largely dependent upon the production or export of sugar. However, quota and price provisions of the agreement have not been in effect since January 1962, because of disagreement over adjustment of Cuba's sugar quota. Headquarters: London, England.

International Wheat Agreement (IWA): The current International Wheat Agreement, negotiated in 1962 for a period of 3 years, has been extended twice and is now scheduled to expire July 31, 1967. It covers 39 importing and 10 exporting members, the latter including the Soviet Union. Essential elements of the Agreement are:

1. An agreed minimum-maximum price range of $1.62½ and $2.02½ per bushel. All prices are on a gold basis; i.e., equal to U.S. currency, and based on No. 1 Manitoba Northern wheat in bulk in store at Fort William/Port Arthur, Canada. Equivalent prices for other points of origin and other types of wheat take into account exchange rates, transportation differentials, and differences in quality.

2. An obligation on each member importing country to purchase from member exporting countries when prices are within the price range not less than a percentage specified for each country, individually, of its annual total commercial purchases from all sources.

3. An undertaking by member exporting countries to make wheat available within the price range; and an obligation, in the event prices go to the maximum, to furnish importing countries at the maximum price with quantities of wheat equal to their historical average commercial purchases. The weighted percentages subscribed under the agreement average about 85 percent of commercial purchases. Thereafter, they may exceed the maximum.

4. Provision for an annual review by the International Wheat Council of the world wheat situation.

The current International Wheat Agreement follows a series of four multilateral contract type agreements, the first of which became effective August 1, 1949. The first agreement was for a 4-year period. Renewals, with modifications, were made in 1953, 1956, 1959, and 1962--the latter being extended for 1-year periods.

The International Wheat Agreement is administered by the International Wheat Council, London, England.

Intervention: See Common agricultural policy terms.

Intervention price: See Common agricultural policy terms.

Intra-Community levy: See Common agricultural policy terms, and also EEC grain import control system.

Invisible items of trade: See Items of trade.

ITAC: Interagency Textile Administrative Committee (see).

Item-by-item tariff negotiation: See Across-the-board (linear) tariff negotiation.

Items of trade: There are three categories--commodities, services, and credit transactions. Merchandise exports and imports of such items as wheat, machinery, and chemicals are known as "visible" items of trade. Services rendered, such as shipping, banking, insurance, communications (plus services rendered to tourists), together with such credit transactions as loans, interest payments, and the like, are called "invisible" items of trade.

IWA: International Wheat Agreement (see).

Junex and "similars": A mixture containing 44 percent butterfat, with sugar and other products added. It is used in the United States in the manufacture of ice cream. It is imported from Australia, New Zealand, Belgium, Denmark, France, and several other countries.

Other names are used to identify the product, such as "ernex," "isex," "grapex," and the like. They are similar to junex, hence the use of the term "similars."

Kennedy Round: Popular name for the Sixth Round of GATT tariff negotiations, which began in Geneva, Switzerland, in May 1964 and ended in June 1967.

The Kennedy Round brought modest trade liberalization for U.S. agriculture. Concessions granted by other countries covered more than $900 million worth of imports of farm products from the United States, 1964 basis. On agricultural products accounting for over $700 million--in which the United States has an important export interest--foreign countries cut their duties an average of more than 40 percent. Among the products on which tariff concessions were made were fruits, vegetables, oilseeds, tobacco, variety meats, and tallow. A new grains arrangement was negotiated. It raised the world price floor of wheat by 23 cents a bushel, providing additional price insurance to U.S. producers. It also contained multilateral food aid provisions --a U.S. policy objective--which also give U.S. farmers an opportunity to expand their foreign commercial trade in wheat and, to some extent, in feed grains.

The United States cut duties by an average of 39 percent on $500 million worth of agricultural products imported, 1964 basis. The existing duty or duty-free status of an additional $290 million worth of imported products was bound against change.

A total of 50 countries participated. They included Austria, Belgium, Denmark, Finland, France, West Germany, Italy, Japan, Luxembourg, Netherlands, Norway, Sweden, Switzerland, United Kingdom, and United States.

Also taking part were Argentina, Australia, Brazil, Canada, Ceylon, Chile, Cyprus, Czechoslovakia, Ghana, Greece, Iceland, India, Indonesia, Ireland, Israel, Ivory Coast, Jamaica, Malta, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Peru, Portugal, Poland, South Africa, Spain, Togo, Trinidad and Tobago, Turkey, Uganda, United Arab Republic, Uruguay, Yugoslavia.

LAFTA: Latin American Free Trade Association (see).

Land reform: Efforts of governments to distribute available land equitably to farmers. Land reform usually involves, among other things, breaking up large holdings of a few land owners--through purchase or expropriation--and distributing the smaller units to landless families. In its broadest sense, land reform refers to a complete re-structuring of a nation's agriculture.

Latin America: Usually includes Mexico, Central America, South America, and the Caribbean Islands.

Latin American Free Trade Association (LAFTA): A customs union, with a goal of free trade by 1973, created in February 1960 by the Treaty of Montevideo. The treaty came into force in June 1961. LAFTA now comprises 10 countries--Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Mexico, Uruguay, and Venezuela. Together they encompass 90 percent of the area, 85 percent of the population, and about 93 percent of the gross national product of Latin America.

Progress toward integration has been slow. Only 25 percent of LAFTA's interregional commerce was on a free-trade basis at the end of 1966. However, member countries have been taking new actions to hasten intra-Latin American trade. For example, in 1966, a Transport and Communications Commission established within LAFTA led to a maritime transport agreement. Also, the Inter-American Development Bank, through its new Pre-investment Fund, is financing studies to determine where regionally integrated industries or projects will be most profitable and make the greatest contribution to LAFTA goals.

Headquarters: Montevideo, Uruguay.

Less-developed countries (LDC's): Countries that have not yet achieved sustained economic growth. They also are referred to as "underdeveloped," "developing," or "emerging." Most less-developed countries are in Asia, Africa, and Latin America.

Contrary to some opinion, "less developed" or even "underdeveloped" are not invidious or derogatory terms. They merely describe the economic growth status of some countries, as opposed to the "developed" or "industrialized" status of others. (Also see Economic development.)

Letter of credit: See U.S. export financing.

Levy: See Tariffs, duties, and levies.

Liberal trade: Trade that is relatively free of controls or restrictions. (Also see Free trade.)

Lighter: A small ship or barge used to load or unload cargo from larger vessels. Lighters are usually employed when ships are unable to use conventional port facilities, or when such facilities are lacking.

Lighterage: The rate of charges, or the total of charges, for lighter service.

Linear tariff negotiations: See Across-the-board (linear) tariff negotiations.

Local currencies: See Foreign currencies.

Lock-gate price: See Common agricultural policy terms, specifically MINIMUM IMPORT PRICE.

Long-term Cotton Textile Arrangement (LTA): A 5-year international arrangement, which, effective October 1, 1962, is aimed at protecting the U.S. cotton textile industry. Participating countries number 29, including countries supplying the major share of U.S. cotton textile imports. U.S. participation is authorized by the Agricultural Act of 1956.

The LTA provides that in the case of market disruption or threatened disruption, importing countries may request restraint of exports from the country or countries causing the difficulty. The LTA also provides for other mutually satisfactory arrangements between countries. For example, the United States in 1966 had bilateral agreements with 16 major textile supplying countries and Hong Kong. It is estimated that 80 percent of U.S. imports of cotton textiles are covered by bilateral agreements or other arrangements.

Cotton textile problems are under continuing review by the President's Cabinet Textile Advisory Committee. This committee consists of the Secretaries of State, Treasury, Agriculture, Commerce, and Labor, and the Special Representative for Trade Negotiations. The Secretary of Commerce serves as chairman.

The Interagency Textile Administrative Committee (ITAC), a subcommittee of the President's Cabinet Textile Advisory Committee, was established for the purpose of administering the rights and obligations of the United States under the LTA. This committee also deals with other matters relating to textiles referred to it by the President's Committee. The members are representatives from the same departments serving on the Cabinet committee. The Secretary of Commerce designates the chairman of the ITAC, at present, the Deputy Assistant Secretary of Commerce for Resources.

L.t.: Long ton. (Also see Conversion factors.)

Lump sum: See Common agricultural policy terms, specifically STANDARD

AMOUNT.

Maize: A common European term for the Indian corn extensively grown in the United States.

Manmade fibers: Industrially produced fibers, as contrasted with such natural fibers as cotton and wool. In the United States, manmade fibers are grouped into cellulosic (viscose, cuprammonium, acetate, and triacetate); non-cellulosic (acrylic, nylon, polyester, spandex, et cetera); and textile glass. The U.S. Federal Trade Commission subdivides cellulosic fibers by defining "rayon" as composed of regenerated cellulose, thereby encompassing those fibers produced by the viscose or cuprammonium processes, and "acetate" as composed of cellulose acetate. Noncellulosic fibers are popularly referred to as "synthetic."

Terms used abroad vary from country to country; but the term "chemical fibers" is generally equivalent to the all-inclusive U.S. term "manmade fibers" --which is also used in the United Kingdom; "artificial fibers" is generally equivalent to cellulosic fibers; and "synthetic fibers" is generally equivalent to noncellulosic fibers.

Maritime Administration, U.S.: Functions include Government assistance to shipping, research and development, shipbuilding and design, ship operations and repair, maintenance of the national defense reserve fleet, maritime training, transfer of ships to aliens, and provision of war risk insurance. Headquarters: Washington, D.C.

Maritime Commission, Federal: Statutory authorities and functions embrace the following principal areas: (1) Regulation of services, practices, and agreements of common carriers by water and other persons engaged in the foreign commerce of the United States; (2) acceptance, rejection, or disapproval of tariff filings of common carriers engaged in the foreign commerce; (3) regulation of rates, fares, charges, classifications, tariffs, regulations, and practices of common carriers by water in the domestic off-shore commerce; and (5) rendering decisions, issuing orders, and making rules and regulations governing and affecting common carriers by water, terminal operators, freight forwarders, and others. Headquarters: Washington, D.C.

Market target price: See Common agricultural policy terms, specifically TARGET PRICE.

Marshall Plan: See European Recovery Program.

MDS: Montant de soutien (see).

Meat Import Law of 1964: Also referred to as P.L. 88-482, this legislation provides a basis for establishing U.S. quotas on aggregate imports of fresh, chilled, or frozen meat from cattle, goats, and sheep (except lambs), if such imports threaten to exceed a specified quantity.

Under the law, the Secretary of Agriculture is required to estimate at the

beginning of each calendar year what the total U.S. imports of certain meats will be during that year. This estimate is reviewed--and revised, if necessary --and published quarterly during the year.

The law sets forth a formula for establishing what the level of import quotas should be if they are necessary, and provides a method of determining when quotas should be imposed. Quotas come into effect when the import level estimated by the Secretary for any calendar year equals or exceeds 110 percent of what the quotas would be.

The President may suspend or increase the quota levels if he determines that such action is required by underlying economic or national interest of the United States, or that the supply of these meats will be inadequate to meet domestic demand at reasonable prices, or that trade agreements with supplying countries will insure that quota limits will be adhered to.

The act states that it is the policy of Congress that the total quantity of beef, veal, mutton, and goat meat imported into the United States in any calendar year, beginning with calendar 1965, should not exceed 725,400,000 pounds--except as this quantity is increased or decreased in accordance with changes in domestic commercial production of these meats. This "base quantity" represents the annual quantity of imports of these meats during the 5 calendar years, 1959 through 1963. Average U.S. commercial production of these meats during these same years was 15,703 million pounds annually.

The act provides that if domestic commercial production should increase or decrease, the quotas established should also increase or decrease in proportion. It also specifies how to calculate the increase or decrease in commercial production for the year in question -- It is the average of the estimated commercial production for that year and the 2 preceding years, as compared with average commercial production for 1959 through 1963.

Figures applicable to 1967 show how the quota is calculated. For calendar year 1967, U.S. commercial production of beef, veal, mutton, and goat meat was forecast at 19,173 million pounds. In 1966 it was 20,262 million pounds, and in 1965, 19,314 million pounds, for a 3-year average of 19,583 million pounds. This average was 24.7 percent larger than the 1959-63 average. To calculate the quota quantity for 1967, the base quantity of 725.4 million pounds is multiplied by 1.247, with the resultant quota quantity of 904.6 million pounds. In calculating the quantity that would "trigger" quotas, the quota quantity of 904.6 million pounds is multiplied by 1.10 to arrive at the "trigger quantity" of 995.0 million pounds.

MFN: Most-favored-nation principle (see).

Middle East: This area to the east of the Mediterranean Sea also is referred to as the Mid-East, Near East, West Asia, and Western Asia. Opinions vary widely as to its country makeup.

As used by the U.S. Department of Agriculture, the Middle East includes Aden, Bahrein, Cyprus, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Muscat and

Oman, Quatar, Saudi Arabia, Syria, Trucial States, Turkey, and Yemen. The Department uses "Middle East" interchangeably with "West Asia," or "Western Asia."

The U.S. Department of State, in its regional organization of bureaus, employs the term "Near East" rather than "Middle East." However, State Department officers have occasion to recognize a "Middle East," which includes the United Arab Republic, Lebanon, Israel, Jordan, Saudi Arabia, and all other areas on the Arabian Peninsula, Iraq, Iran, Afghanistan, West Pakistan, Ethiopia, Sudan, Turkey, and Greece. On occasion Libya also has been included because of its close relationship to the Arab states to the east.

The National Geographic Society refers to the general area as the "Near East," but also includes Egypt in addition to the countries used by the U.S. Department of Agriculture.

As used by the National Geographic Society, the "Middle East" refers to a region lying between the two regions the Society calls the "Near East" and the "Far East," and includes India, Pakistan, Afghanistan, Nepal, Bhutan, Sikkim, and Ceylon. This area roughly coincides with what the U.S. Department of State refers to as "South Asia," although in "South Asia" the Department includes only India, Pakistan, Ceylon, Nepal, and Bhutan.

(See Publication 6806, Near and Middle Eastern Series 39, and Publication 7262, Far Eastern Series 108, both issued by the U.S. Department of State, and News Bulletin 8352, issued April 22, 1952, by the National Geographic Society, Washington, D.C.)

Military assistance, U.S.: See Foreign assistance (or aid), U.S.

Minimum import price: This price, applied to an imported commodity to bring its value more nearly in line with the domestic price of the commodity in the importing country, is also referred to as a "gate price," "sluice-gate price" and "lock-gate price." The minimum import price may be used to prevent dumping. More often, however, it is used to protect domestic producers from trade competition.

For example, the European Economic Community has established a minimum import price on ready-to-cook broilers. This price in early 1967 amounted to 33.13 cents a pound. The United States has vigorously protested EEC's minimum import price on poultry on the ground that no dumping is involved. It is the U.S. position that U.S. poultry can be sold abroad--assuming market access--at reasonable levels of protection and after allowance for shipping and other charges, at the same prices the poultry is sold for in the United States. (Also see Common agricultural policy terms, specifically GATE PRICE.)

Minimum producer price (in France): The initial payment received by French farmers upon delivery of their grain to a cooperative. This minimum price equals the intervention price less (1) the cooperative's marketing margin, (2) a fixed tax, and (3) a sum withheld to help finance the disposal of production above the national quantum (see). The actual price received by French producers

equals the minimum price plus a payment at the end of the season. The payment equals the portion of the sum withheld which was in excess of the funds needed to cover cost of deliveries above the quantum.

Mixing regulations: Such regulations require that raw and/or processed products sold domestically within a country contain a designated portion of domestically produced materials. For example, Australia, effective January 1, 1966, requires that 50 percent Australian leaf be used in all tobacco products manufactured in that country. Also, some countries require flour millers to use a certain percentage of domestic wheat in the grist. Mixing regulations, therefore, have the effect of limiting the quantity of foreign commodities that may be used in domestically manufactured products.

Montant de soutien (MDS): A trade negotiating plan developed by the European Economic Community in December 1963 as a basis for agricultural trade negotiations in the Kennedy Round. A French expression, it means, literally, "amount of support."

The MDS also has been referred to as "Mansholt II," because it was originally proposed by Sicco Mansholt, Vice President, EEC Commission.

Under the proposal, each country would determine the level of its own domestic price supports for each product. Then producing countries would negotiate "world reference prices" for each of these products. Each country, including the EEC, would then offer to freeze the margin between domestic support prices and these world reference prices.

For example, if the world reference price of a product were set at $1.80 for each unit, and if EEC farmers received $3.00 per unit, it would be recognized that EEC supports were $1.20 per unit and the margin would be frozen at that figure.

With the montant de soutien in effect, an importer such as the European Economic Community would collect a levy equal to the "margin"; that is, the margin between the world reference price and the domestic support price level.

However--if the price of the product offered for importation were below the reference price, a supplemental levy also would be collected. This supplemental levy would equal the difference between the price of the product offered for importation and the world reference price.

The United States and other agricultural exporters couldn't accept the proposal because (1) it would not have led to trade expansion--the whole purpose of the Kennedy Round, and (2) it would have given international acceptance to the variable levy system.

Montant forfaitaire: See Common agricultural policy terms, specifically STANDARD AMOUNT. Also see EEC grain import control system.

Most-favored-nation (MFN) principle: The willingness of a country to grant the same favorable trade treatment to all countries that it grants to any

one country.

The General Agreement on Tariffs and Trade (see) spells out the MFN principle as follows: "With respect to customs duties and charges of any kind . . . any advantage, favor, privilege or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties." The GATT, however, makes exceptions for certain countries which had preferential tariffs in effect prior to the negotiation of the Agreement in 1947.

The Trade Expansion Act of 1962 also enunciates the MFN principle (a principle followed by the United States for many years) and extends it to most products of foreign countries, other than to most countries or areas dominated or controlled by Communism. In early 1967 Poland and Yugoslavia were the only Communist countries accorded MFN treatment by the United States.

M.t.: Metric ton. (Also see Conversion factors.)

Multilateral contract: A type of international commodity agreement, which constitutes an undertaking by major exporters to supply a specified quantity or quota of the commodity at a certain fixed maximum price. This is matched by an undertaking by major importers to buy a specified quota at a minimum price. The total of the export quotas equals the total of the import quotas. The actual price at which the quotas are traded is allowed to fluctuate between the maximum and the minimum. As long as the price remains between these limits, the agreement does not interfere with the free play of the price mechanism.

The International Wheat Agreement (see) is a notable example of the multilateral contract. Earlier agreements embodied a system of guaranteed quantities backed up by multilateral contracts. The current (1966) wheat agreement maintains the same basic principle of the earlier agreements, although quotas relate to a percentage of commercial exports rather than to specific quantities.

Also see International commodity agreement or arrangement and International Wheat Agreement.

Multilateral, multinational: Agreements or programs involving three or more countries--as the General Agreement on Tariffs and Trade--rather than only two countries, which is referred to as "bilateral" (see).

Multiple exchange rates: See Exchange restrictions.

Multiple or multilinear tariff systems: See Tariffs, duties, and levies.

NATO: North Atlantic Treaty Organization (see).

Near East: See Middle East.

Non-tariff barriers to international agricultural trade: Regulations employed by governments to restrict agricultural imports from all or certain

countries, usually to protect domestic producers. Non-tariff trade barriers are generally more restrictive than tariff barriers, although the latter, if extremely high, constitute effective barriers.

Nontariff barriers include (1) Quantitative restrictions, mainly import quotas and embargoes which limit volume of imports and may also discriminate as to source. They include seasonal embargoes or other seasonal quantitative controls. (2) Variable levies and gate price systems are termed "nontariff" because, being variable, they have a quantitative impact on imports. They are operated in a manner that tends to restrict the volume of imports to the difference between protected or supported domestic production and total utilization. (3) Conditional imports, which include domestic mixing regulations and controls making imports conditional upon production, utilization, price, or other factors. (4) Monopolies, including trading by State agencies, quasi-government agencies, or private institutions operating under governmental authority to determine whether imports are to be allowed and conditions of entry. (5) Advance deposits on imports are nontariff barriers when discriminatory. (6) Import discrimination and preferential treatment discriminate as to source of supply, frequently against the dollar area, and are closely linked with import licensing. They do not include simple tariff preference in the customs import schedule. (7) Import licensing is a nontariff barrier if it discriminates as to source of supply or if it is not in fact granted automatically. (8) Bilateral agreements are nontariff barriers to countries not party to the agreements.

Health and sanitary regulations are not considered nontariff barriers even though in some instances they may be used to limit imports or to discriminate as to source.

Norm price: See Common agricultural policy terms, specifically TARGET PRICE.

North Africa: Usually applies to Morocco, Algeria, Tunisia, and sometimes Libya. Also see Northern Africa.

North Atlantic Treaty Organization (NATO): A defense pact, based on the North Atlantic Treaty, of the United States, Canada, Greece, Turkey, and 10 Western European countries. Members agreed that "an armed attack against one or more of them in Europe and North America shall be considered an attack against all." The Treaty was signed April 4, 1949, and ratified by the U.S. Senate July 21, 1949. In March 1966 France, although remaining a member of the alliance, requested that NATO military headquarters and forces be removed from France. Political headquarters: Paris, France.

Northern Africa: As used by the U.S. Department of Agriculture, Northern Africa includes the northern tier of countries of the African Continent, bordered on the west by the Atlantic Ocean, on the north by the Mediterranean Sea, and on the east by the Red Sea and Indian Ocean. The region includes most of the Sahara Desert.

More specifically, "Northern Africa" refers to Algeria, Egypt, Ethiopia

(including Eritrea), French Somaliland, Ifni, Libya, Morocco, Somali Republic, Spanish Sahara, Sudan, and Tunisia.

Also see North Africa.

NTB's: Non-tariff barriers to international agricultural trade (see).

OAS: Organization of American States (see).

Ocean cargo insurance: Can protect against loss anybody who has an interest in goods exported or imported. Usually this is the seller, but sometimes the buyer can benefit when the seller arranges insurance on the buyer's behalf. The risks of both buyer and seller are determined by the terms of sale and how the money covering the sale is to be collected.

The buyer has the greatest risk on a shipment sold ex-seller's warehouse; the seller has the greatest risk on a shipment sold f.o.b. buyer's warehouse. Other terms of sale split the risk at some intermediate point during transit. If the seller collects by draft he has financial risk until the buyer pays the draft. If the buyer does not pay for delivered goods, the risk of loss falls back on the seller.

There are two main types of ocean cargo policies. The "open policy" is used when the foreign trader regularly exports or imports. It covers all shipments of the foreign trader. It stays in the United States and is not negotiable. The "special policy or certificate" is used when the seller has an occasional shipment or must supply evidence of insurance to banks or buyers, or to buyers who want losses paid at destination. Both are used in some instances, as when an exporter with an open policy must furnish evidence of insurance to comply with the terms of sale, or when losses are to be paid overseas.

Coverage can be obtained for goods shipped by any kind of conveyance. Basic perils are "of the seas, fires, assailing thieves, jettisons, barratry of the master and mariners and all other like perils, losses and misfortunes (illicit or contraband trade excepted in all cases) that have or shall come to the hurt, detriment, or damage of the said goods and merchandise or any part thereof." Additional perils may be added, such as theft, pilferage, nondelivery, breakage, leakage, and the like. Usually excluded are certain perils such as wars, strikes, riots, and civil commotions, but even these may be insured against through special policies.

Oceania: A general term which refers to the islands of the Central and South Pacific Ocean and includes those areas known as Polynesia, Micronesia, and Melanesia. It sometimes includes Australia, New Zealand, and the Malay Archipelago.

OECD: Organization for Economic Cooperation and Development (see).

Offer list: A list of articles for which a country--usually at a general round of trade negotiations--proposes modification or continuance of its import duties or other import restrictions.

U.S. requirements with respect to offer lists are contained in Chapter 3, Trade Expansion Act of 1962. This chapter directs the President, in connection with any trade agreement under the act, to publish and furnish the Tariff Commission with "public lists" of articles which may be considered for modification or continuance of U.S. duties or other import restrictions, or continuance of U.S. duty-free or excise treatment.

(Reserved from negotiations are the few items on which action has been taken by or recommended to the President by the Tariff Commission under the old "escape clause" provision of the previous law, or on which he has acted under the national security provisions or under his authority to make trade agreements.)

Four public lists were published in connection with the Kennedy Round (see), as follows:

A. "Fifty-percent" list--which included most commodities imported into the United States. Duties on products on this list may be reduced up to 50 percent.

B. The "five-percent" list--articles on which the ad valorem rate or ad valorem equivalent of a specific rate on July 1, 1962, was 5 percent or less. Duties on products on this list may be reduced to zero.

C. Agricultural items listed in the Department of Agriculture's "Agricultural Handbook No. 143." Duties on products on this list may be reduced up to 50 percent.

D. Tropical agricultural and forestry products not produced in significant quantities in the United States. Some items on this list may be reduced more than 50 percent.

Some items on the lists may be subject to more than a single authority.

The law further provides that the Tariff Commission, within 6 months, advise the President with respect to each article on the list "of its judgment as to the probable economic effect of modifications of duties or other import restrictions on industries producing like or directly competitive articles, so as to assist the President in making a judgment as to the impact that might be caused by such modifications on U.S. industry, agriculture, and labor." The Tariff Commission is directed to make exhaustive analyses and studies in arriving at its advice to the President--a process that includes the holding of public hearings.

But before any trade agreement is entered into, the President also is directed to:

1. Seek information and advice from the Departments of Agriculture, Commerce, Defense, Interior, Labor, State, and Treasury, as well as from other appropriate sources.

2. Designate an interagency committee which shall hold public hearings to give any interested person an opportunity to present his views concerning any article proposed for trade agreement. (This second round of hearings is held by the Trade Information Committee, an inter-agency committee chaired by a member of the Office of the Special Representative for Trade Negotiations.)

In these hearings, the Trade Information Committee devotes particular attention to reductions in rates of duty which the United States should seek to obtain from other nations; non-tariff barriers imposed by other nations which the United States should seek to have removed or modified; imported articles upon which elimination, reduction, or continuance of present U.S. duties should be offered; other U.S. import restrictions which should be offered for modification or continuance.

The final list of articles on which the United States will negotiate--the "offer list"--is not completed until the hearing testimony, plus other information, has been reviewed and analyzed, and the President has received the views of the Special Representative for Trade Negotiations, the Tariff Commission, and other Government agencies whose advice may be requested.

All tariff concessions, except those on tropical products, will be staged in five annual installments, to ease the transition for U.S. firms and workers.

Office of International Affairs, Department of the Treasury: The Office of the Assistant Secretary for International Affairs carries on activities relating to the Treasury Department's responsibilities in the international economic, financial, and monetary field. The Office makes continuing studies of the international accounts of foreign countries relating to finance, gold and foreign exchange, exchange rates and exchange controls and other relevant matters. The Office also has responsibilities with respect to the Bretton Woods Agreements Act, and the operations of the International Monetary Fund and the International Bank for Reconstruction and Development and its affiliates, the Inter-American Development Bank, foreign lending and assistance programs, the Anglo-American financial agreement, the Exchange Stabilization Fund, and the activities of the National Advisory Council on International Monetary and Financial Policies. Headquarters: Washington, D.C.

Office of International Trade, U.S. Department of State: This office, within the State Department's Bureau of Economic Affairs, is responsible for developing policy recommendations and for the administration of policies and programs relative to international trade and restrictive business practices affecting American interests abroad. The Office comprises the International Business Practices Division, the General Commercial Policy Division, the Special Trade Activities and Commercial Treaties Division, and the Trade Agreements Division. Headquarters: Washington, D.C.

Official exchange rate: See Exchange rate.

Open account: See U.S. export financing.

Open-end contracts (as used in the barter program): An open-end barter is one in which there is no direct connection between the destination(s) of agricultural commodities and the source of materials. At the time the commitment is made, the barter contractor need not designate the destination of the commodity.

Orderly marketing agreements: Section 352, Trade Expansion Act of 1962, provides that the President may negotiate international agreements with foreign countries limiting the export from such countries and the import into the United States of an article causing or threatening to cause serious injury to a U.S. industry.

Organization for Economic Cooperation and Development (OECD): A regional international intergovernmental organization established in 1961. The OECD is a successor to the Organization for European Economic Cooperation (OEEC), created in 1948 to implement the European Recovery Program ("Marshall Plan"). The OECD is made up of Western European countries (including all EEC members), the United States, Canada, and Japan--21 countries in all.

The OECD seeks to promote economic growth in member countries, and in nonmember countries in the process of economic development, and to contribute to the expansion of world trade without discrimination in accordance with international obligations.

Headquarters: Paris, France.

Organization of African Unity: Established in May 1963 by 30 African countries, it was the first attempt of diverse peoples of different cultures, religions, stations, languages, and races to seek common goals.

As to economic cooperation, the principal resolutions proposed to establish free trade throughout all Africa; formulate a common external tariff; coordinate transportation and communications; establish a monetary, fiscal clearing, and payments facility; harmonize existing and future development plans; and negotiate in concert with international trade bodies.

Organization of American States (OAS): The OAS Charter was signed at Bogota, Colombia, in April 1948. OAS is guided by the following principles: (1) International law and order and good faith shall govern relations among states; (2) an act of aggression against one American state is an act of aggression against all other American states; (3) controversies shall be settled by peaceful procedures; (4) peace and prosperity are based on political democracy. All of the major countries of the Western Hemisphere, except Canada, are members. OAS is composed of various "organs," including the Inter-American Economic and Social Council, the Inter-American Council of Jurists, the Inter-American Cultural Council, and the Pan American Union, the latter being the central organ and permanent general secretariat of OAS. Pan American Union headquarters: Washington, D.C.

Outer Seven: See European Free Trade Association.

Overseas Territories: See European Economic Community.

Pacification: A program to eliminate Viet Cong influence in rural areas of South Vietnam and bring economic and social progress to the people. U.S. agricultural technicians and advisors are assisting. Successful pacification would mean increased food output and a reduced need for agricultural imports.

Pan American Union (PAU): The central permanent organ and general secretariat of the Organization of American States. Headquarters: Washington, D.C.

Payment in kind (PIK) programs: See Export subsidy.

Piggy-backing: An arrangement, encouraged by the U.S. Department of Commerce, under which an experienced U.S. exporting firm handles the products of a U.S. firm lacking foreign experience or connections. Products of the inexperienced firm are said to "ride" to market; the experienced firm "carries" them. The expression also refers to the rail, truck or ship transport of containerized goods. See "Containerized" shipments.

Pigmeat: Generally used by the EEC in referring to pork products.

Pisani-Baumgartner Plan: A plan for international agreements on agricultural trade advanced in 1961 by Edgard Pisani, French Minister of Agriculture and Wilfred Baumgartner, French Minister of Finance and Economic Affairs. The plan seemed to be aimed primarily at grains, but could be used for other commodities.

The most important elements of the Plan fell into two categories: (a) prices and (b) demand and supply adjustments. The essence of the proposed price policy was an upward adjustment of world export prices for commercial trade giving exporting countries higher sales proceeds from which, in part, to finance programs of food aid for needy nations. With respect to supply management the Plan contemplated supply control by holding producer prices in check (in Canada, Australia, Argentina) and by continuance of direct controls (in the United States). So far as demand adjustment was concerned, the Plan postulated that any remaining or inevitable excess of supply over commercial demand would be used for a massive concerted international program of additional food aid.

Population explosion: Refers to the rapid uptrend in world population since the end of World War II.

From the time of Christ until the end of the 16th century world population grew an average of 2 to 5 percent every 100 years. Since about 1960 population has been growing almost 2 percent every year. The reduction in death rates in recent years, resulting from the widespread application of medical technology, accounts in large part for rapid growth of population.

Estimates of growth vary widely. Frank W. Notestein, President, The Population Council, New York, estimates that the world population of 3.0 billion in 1960 will increase to about 3.7 billion by 1970; to about 4.7 billion by 1980; to about 5.8 billion by 1990; and to almost 7.0 billion by 2000. Some experts

place world population at 6.0 billion by 2000. Variations in the estimates depend largely on assumptions as to the extent of family planning, especially in such heavily populated countries as India, Pakistan, Indonesia, and Mainland China.

Although estimates vary, most students of the subject agree that population must be considered in conjunction with world food supplies. Mr. Notestein says, "Spectacular gains in agricultural production are needed to buy the time necessary for a reduction of the birth rate, and such reductions will be essential if we are to minimize the risk of failure in the field of economic development. The attack on poverty requires not only great increases in production but also an early reduction in population growth."

"Poultry war": See Compensatory withdrawal or suspension of trade concessions.

Preemption: The right of a government to seize imported goods and sell them at the declared value if it suspects that an importer has entered the goods at too low a value.

Preemptive or preclusive buying: Buying of foreign-produced goods to prevent purchase by others, usually to forestall acquisition of those goods by unfriendly powers.

Preferential tariff: See Tariffs, duties, and levies.

President's Cabinet Textile Advisory Committee: See Long-term Cotton Textile Arrangement.

Price elasticity of demand: The relationship between the change in the price of a commodity and the accompanying change in the quantity that can be sold. If a small change in the price is accompanied by a relatively large change in the quantity sold, demand is said to be elastic. But if a large change in the price is accompanied by a small change in the quantity sold, demand is said to be inelastic.

Price support: Government action to stabilize or strengthen prices received by farmers for their commodities. Many countries, including the United States, engage in price support operations. Prices are supported by various methods, such as loans, purchases, and payments of one type or another.

Price umbrella: It was argued at one time that the U.S. agricultural price support program tended to hold world market prices of supported products at levels that stimulated production by other producing countries--in other words, that the U.S. support program held a "price umbrella" over competing foreign producers. The argument is not heard today, because U.S. export payments (subsidies) keep U.S. export prices fairly well in line with world market prices.

Primary commodities: Usually commodities in the raw or unprocessed state. For example, iron ore is a primary commodity, whereas pig iron is a semiprocessed product, and a steel girder is a manufactured item.

Principal supplier: The country that is the most important source of a particular product required by another country.

In negotiations conducted under the General Agreement on Tariffs and Trade, the United States generally negotiates tariff concessions with principal suppliers of particular commodities. Under the most-favored-nation principle (see), the United States then automatically grants to other friendly countries the same concessions granted to the principal supplier.

Producer target price: See Common agricultural policy terms, specifically TARGET PRICE.

Program, agricultural: Related governmental activities aimed at accomplishing a certain result. For example, the U.S. agricultural price support program, which seeks to bolster prices and incomes of U.S. farmers, encompasses loans and purchases; commodity storage; transportation; exports; acreage reduction; and other activities.

The British often use the word "scheme" in the same sense that Americans use the word "program."

Protective tariff: See Tariffs, duties, and levies.

Public Law 480: This legislation, first enacted in 1954, was extended by the Food for Peace Act of 1966 for a period of two calendar years; that is, from January 1, 1967, through December 31, 1968.

Public Law 480 has been the principal legislative authority for channeling U.S. food and fiber to needy countries.

In the fiscal years 1955-1966, inclusive, U.S. farm products having an export value of $15,510 million were shipped under P.L. 480, which is the backbone of the Food for Freedom program (see). However, over this period an additional $2,169 million worth of farm products was shipped under other legislative authorities. The overall total was $17,679 million.

U.S. food aid shipments went to some 115 countries, most of them less developed, having a combined population of about 1.7 billion.

Food for Freedom exports in the 1955-1966 period accounted for 31 percent of total agricultural exports of $57,618 million. Wheat and flour have been by far the most important aid commodities in terms of value, followed by cotton, fats and oils, rice, feed grains, and tobacco. India has been the leading country recipient of U.S. food aid. Other nations receiving substantial U.S. assistance include Pakistan, United Arab Republic, Yugoslavia, Brazil, Turkey, Poland, and Spain.

As amended by the Food for Peace Act of 1966, P.L. 480 has four parts or "titles." All emphasize the need for self-help by food-short countries.

Title I authorizes sales of U.S. farm products to needy but dollar short

foreign countries and the acceptance of foreign currencies--such as rupees, pesos, cruzeiros, et cetera--in payment. As of June 30, 1966, a total of 453 agreements, or supplements to agreements, had been signed with 53 countries. The export market value of commodities in these agreements (including ocean transportation) totaled $11.5 billion. The total cost to the Commodity Credit Corporation, a measure of the real investment of the United States in food aid, was $16.0 billion.

Title I also sets forth the various uses to which the foreign currencies may be put. Major uses in the 1955-66 period were: Loans to foreign governments, 45 percent; grants for economic development, 17 percent; common defense, 9 percent; loans to private enterprise, 6 percent; and other U.S. uses, 23 percent. "Other U.S. uses" include outlays for agricultural market development; payment of U.S. obligations, such as embassy expenses; expenses of American-sponsored schools and centers; and translation of foreign books and periodicals.

Title I also authorizes the sale of agricultural products from private stocks or from stocks of the Commodity Credit Corporation on a dollar credit basis. (See Credit sales, short- and long-term.) Exports under the credit program had a value of $436 million since fiscal year 1962, when credit sales began.

Title II authorizes food donations, both on a government-to-government basis and through voluntary organizations. Government-to-government donations in the 1955-66 period amounted to $1,328 million in terms of market value of products shipped. Donation through voluntary relief agencies in 1955-66 had a value of $1,915 million. Among the 16 agencies engaged in food assistance programs are CARE, Catholic Relief Service, Church World Service, UNICEF, and Lutheran World Relief.

Title III-and the CCC Charter Act--both contain authority to barter U.S. agricultural commodities for foreign strategic and other materials, equipment, and services. The emphasis today is on barter procurement for U.S. agencies--an emphasis that has contributed substantially to the U.S. balance of payments. By using agricultural commodities to pay for foreign goods and services, the United States has been able to avoid some large overseas outlays of dollars. The barter program has accounted for the shipment of $2,076 million worth of commodities between July 1, 1954, and June 30, 1966. It is administered by the Foreign Agricultural Service, U.S. Department of Agriculture.

Title IV authorizes technical assistance on behalf of friendly developing countries, and provides criteria for determining U.S. food aid commodities. It establishes an advisory committee to survey general food aid policies.

Public list: See Offer list.

Quantitative restrictions (QR's): These are limitations on the quantity or value of a product that may be permitted to enter a country. Quantitative restrictions are classified as "nontariff trade barriers" (see).

Most countries use nontariff restrictions of one kind or another. Exam-

ples: France has import restrictions on apples, pears, grapes, and several other fruits as well as on a wide variety of other farm products. The United Kingdom restricts imports of apples, pears, pork, fluid milk and certain other dairy products. Belgium, among other restrictions, has tight seasonal controls on imports of apples, pears, and grapes. In Norway, an embargo is in effect on imports of virtually all farm products that can be grown by Norwegian producers. Switzerland strictly regulates agricultural imports to protect domestic farm prices. Canada rigidly limits grain imports through a licensing system. All commercial imports into Japan must be licensed. Many other examples could be cited.

Certain agricultural imports into the United States come under the provisions of Section 22, of the Agricultural Adjustment Act of 1933, which authorizes the President to impose quantitative restrictions (quotas) and fees on any agricultural commodity or product whenever he finds through proceedings of the U.S. Tariff Commission that imports of such commodity or product adversely affect or seriously threaten U.S. Department of Agriculture programs. Section 22 quotas were in effect in 1966 for wheat and certain wheat products; cotton and certain cotton products; peanuts; and specified dairy products.

"Absolute quotas" employed by the United States in some instances are quantitative; that is, no more than the amount specified may be permitted entry during a quota period. Some absolute quotas are global, while others are allocated to specified foreign countries. Imports in excess of a specified quota may be exported or detained for entry in a subsequent quota period.

Article XI of the General Agreement on Tariffs and Trade (see) covers the general elimination of quantitative restrictions, although the GATT sets forth many exceptions to the general prohibition.

Exports are restricted much more rarely than imports (see Export quotas).

Quantum: The fixed quantity of marketed grain for which the French Government assumes responsibility for according the full support price under its price support program. The quantum approximates usual domestic consumption plus usual export sales. To conform to the European Economic Community's grain regulations, however, France must abolish the quantum system by 1970, the end of the transition period for the common agricultural policy.

Quintal: A measure of weight in the metric system equivalent to 220.46 pounds--or one-tenth of a metric ton. The term "quintal" also is used in a number of countries, mainly in Europe and Latin America, to describe various non-metric measures of weight varying in pound equivalents from 99.05 to 132.276 pounds. The quintal bag of 132.276 pounds (60 kilograms) is the standard of world coffee production measurement. (Also see Conversion factors.)

Quota, absolute U.S.: See Quantitative restrictions.

Raw value (of sugar): A common denominator for weights of raw sugar. "Raw value" of any sugar is defined by the Sugar Act of 1948 as "its equivalent in terms of ordinary commercial raw sugar testing 96 degrees by the polariscope."

A common denominator is needed because more than a pound of sucrose in raw sugar is needed to produce a pound of refined sugar--but the quantity required depends upon the polarization of the raw sugar, and polarization varies considerably. It takes 1.07 pounds of 96 degree raw sugar to make 1.00 pounds of refined sugar, and 1.035 pounds of 98 degree sugar to make 1.00 pounds refined product. (Also see Sugar program, U.S.)

Reciprocal trade: The lowering of trade barriers by one country in consideration of similar treatment granted by other countries. The objective is to expand trade in the interest of all trading partners.

"Reefer": Refrigerator ship, boxcar, or truck.

Reference price: See Common agricultural policy terms.

Regional integration: See Regionalism.

Regionalism: Usually refers to regional economic groupings of nations. Regionalism sometimes is referred to as "regional integration." Also see Customs union and Free trade area.

Regional groupings include: EUROPE: European Economic Community and European Free Trade Area; AFRICA: African and Malagasy Union, East African Common Services Organization, Equatorial Customs Union, West African Customs Union, and Organization of African Unity; LATIN AMERICA: Latin American Free Trade Area, Central American Common Market, Caribbean Free Trade Area. The Association of Southeast Asia was launched in April 1962, when the ministers of Malaya, the Philippines, and Thailand agreed to a limited association to attack common problems and to promote cultural and social exchange.

Residual supplier: A country furnishing supplies to another country only after the latter obtains part of its supplies from other countries. For example, Country A may prefer to buy some cotton from Countries B and C before placing orders with Country D. Under such circumstances, Country D would be a "residual supplier." The residual supplier is not necessarily the "smallest supplier"; the residual supplier often furnishes the bulk of a purchasing country's needs.

Restitution for exports (French): Applies only to French exports of grain to non-EEC countries. The restitution is equal to the import levy on trade with non-EEC countries. No restitution is permitted on exports to EEC countries. However, an exception to this rule was granted for 1962-crop French exports of corn to Italy.

Retaliation: See Compensatory withdrawal or suspension of trade concessions.

Scheme: See Program, agricultural.

Seasonal quota: See Quantitative restrictions.

SEATO: Southeast Asia Treaty Organization (see).

Section 22, Agricultural Adjustment Act of 1933: See Quantitative restrictions.

Section 32 (of the Act of August 24, 1935): Enacted to widen market outlets for surplus agricultural commodities as one means of strengthening prices received by farmers. The legislation authorizes three types of programs: (1) To encourage the exportation of agricultural commodities and products thereof; (2) to encourage domestic consumption of commodities or products by diverting them from the normal channels of trade and commerce or by increasing their use among persons in low-income groups; (3) to reestablish farmers' purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption.

Section 32 programs are financed by a continuing appropriation equal to 30 percent of the import duties collected on all commodities entering the United States under the customs laws, plus any unused balances to the extent of $300 million. These funds become available at the beginning of each fiscal year without any further legislation. Under the Agricultural Act of 1956, an additional sum of $500 million was authorized to be appropriated annually to carry out the purposes of Section 32.

From July 1, 1935, through June 30, 1966, expenditures of Section 32 funds for commodities totaled $3,411 million, of which $318 million represented outlays for export programs.

Self-sufficiency: The ability of a nation to produce all that it consumes. However, no nation can be self-sufficient and maintain high levels of living. Self-sufficiency means the sacrifice of the benefits that come from comparative advantage (see).

The drive to attain self-sufficiency is called "economic nationalism."

Services: See Items of trade.

"Seven": European Free Trade Association (see).

Ship broker: See Export services.

Short- and long-term capital: As used in balance of payments statistics, short-term capital represents claims or liabilities with a maturity of 1 year or less. Private short-term claims and liabilities include bank deposits, bills, acceptances, commercial paper, short-term Federal, state, and municipal obligations, brokerage balances, and direct commercial accounts of United States and foreign firms, including advance payments for merchandise. Shipments and receipts of U.S. currency and coins are also included as private short-term capital movements. Long-term capital includes claims or liabilities of indeterminate maturity (large equities) or with a stated original maturity of more than 1 year from the date of issuance. (Also see Balance of payments.)

Sight draft (S/D): A draft or bill directing payment at sight, that is, on demand or presentation.

Single-column or single-schedule tariff: See Tariffs, duties, and levies.

SITC: Standard International Trade Classification (see).

"Six": See European Economic Community.

Skimming charge or skimmings: See Common agricultural policy terms, specifically VARIABLE IMPORT LEVY.

Sliding-scale tariff: See Tariffs, duties, and levies.

Sluice-gate price: See Minimum import price.

Smuggling: The act of bringing into a country dutiable articles without passing them through the customhouse or submitting them to revenue officers for examination.

Smuggling contrasts with fraudulent entry, which applies to deception in the valuation and classification of goods at the time of entry and appraisal.

Soft Currency: A national currency which is not readily acceptable for the settlement of international transactions. The currency may be in oversupply on the exchange markets of the world and not ordinarily sought for the general range of commercial transactions, or there may be restrictions on its convertibility into other currencies.

Southeast Asia: As used by the U.S. Department of Agriculture, includes Burma, Thailand, Laos, Cambodia, North and South Vietnam, Malaysia, Singapore, Timor, Indonesia, and the Philippines.

"Southeast Asia" is a subdivision of the "Far East."

Southeast Asia Treaty Organization (SEATO): A collective defense pact signed at Manila September 8, 1954, by Australia, France, New Zealand, Pakistan, the Philippines, Thailand, United Kingdom, and the United States. Headquarters: Bangkok, Thailand.

Soviet Bloc (also see Communist countries): Usually applies to members of the Warsaw Treaty Organization (see), excluding Albania. These are Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, and the Soviet Union. Outer Mongolia, which is Soviet-oriented, is often considered a member of the Soviet Bloc.

Soviet Zone of Germany: Usually referred to as East Germany, this area--Communist-dominated--has a population of a little over 17 million. The United States does not recognize it as a separate state or independent political entity.

Special Government export programs: Usually refers to U.S. agricultural

exports moving abroad under authority of Public Law 480. (Also see Exports, U.S. agricultural.)

Special Representative for Trade Negotiations: Advises and assists the President on administration of the trade agreements program. In particular, he serves as the chief U.S. representative at trade negotiations, such as the Kennedy Round (see). He also advises the President on related matters, such as non-tariff barriers to trade and international commodity agreements. The Office of Special Representative for Trade Negotiations was established January 16, 1963, by Executive Order 11075, as amended. It operates under that order and under the Trade Expansion Act of 1962.

Also see General Agreement on Tariffs and Trade, Offer list, and Trade Expansion Act of 1962.

Specific duty: See Tariffs, duties, and levies.

S.T.: Short ton. Also see Conversion factors.

Standard amount: See Common agricultural policy terms. Also see EEC grain import control system.

Standard International Trade Classification (SITC): A uniform method of classifying commodities moving in international trade. Developed by the United Nations, the SITC first became effective in 1950. The original system was substantially revised in 1960 to make it compatible with the Brussels Tariff Nomenclature (see). Data covering 1960 and subsequent years have been presented on the revised basis.

The SITC is used by most international organizations in reporting trade statistics. For example, figures based on the SITC are used in the UN's Yearbook of International Trade and appear on a quarterly basis in the UN's Commodity Trade Statistics.

Some 60 countries, including the United States, use the SITC in reporting their trade statistics to the United Nations, as well as in the compilation of trade reports issued domestically. A few countries, among them Burma, Cyprus, and New Zealand, use the SITC rather than the Brussels Tariff Nomenclature in establishing their tariff classifications.

The SITC decimal classification system is relatively simple, assigning digits to categories of commodities. For example, the digit 0 is the Section code for "food and live animals." Other codes provide further breakdowns: 01 is "meat and meat preparations"; 011 is "meat, fresh, chilled, or frozen"; and 011.1 is "meat of bovine animals, fresh, chilled, or frozen." Such a system insures comparability of terminology among countries using it, and it simplifies the compilation of statistics with electronic data processing equipment.

Standstill agreements: In late 1961, at the Fifth general round of tariff negotiations at Geneva, Switzerland, the United States made a determined effort to obtain more satisfactory treatment from the EEC with respect to agricultural

trade than the EEC had offered up to that time. As a result of the U.S. representations, the EEC signed "standstill agreements," committing the EEC to further negotiations on wheat, corn, grain sorghums, rice, and poultry.

The matter of poultry negotiations became moot when the United States, after vain attempts to secure reasonable access for U.S. poultry in the EEC, suspended on January 7, 1964, tariff concessions on $26 million worth of annual imports of brandy, automobile trucks, dextrine, and starches. The amount of $26 million represented the value of U.S. poultry trade affected by the EEC's poultry restrictions. For the other standstill commodities (in the case of wheat, "quality" wheat only), negotiations will take place on the basis of the rights the United States held in those commodities on September 1, 1960; i.e. the access which tariff bindings on that date provided U.S. products in EEC countries.

State trading--also called state or government monopoly: Government control over the importation and exportation of a farm product or products. For example, the governments of several countries control imports of tobacco--among them France, Austria, and Japan. Canada's Wheat Board control of wheat, oats, and barley is a state trading enterprise. Many other countries engage in government monopoly activities. The control can be direct, as through a government agency, or indirect, as through private firms, cooperatives, marketing boards, or other agents of the state. Communist countries, which control major commercial transactions, are state traders, of course.

The General Agreement on Tariffs and Trade provides, Article XVII, that whenever a contracting party establishes or maintains a State enterprise, the enterprise shall in its purchases or sales, act in a manner consistent with the general principles of non-discriminatory treatment prescribed in the GATT, and requires that countries notify the CONTRACTING PARTIES of the products imported or exported.

Statutory tariff: See Tariffs, duties, and levies.

Sterling area: An association of countries which, under British leadership, developed preferential trade and currency policies mutually favorable to member countries. The sterling area was the outgrowth in 1939 of the "sterling bloc," a loose association of countries whose trade largely depended upon the United Kingdom. Today, sterling area arrangements are of diminished importance to the participating countries because of the expansion of multilateral free trade. (Also see Commonwealth.)

Stockpiles, national strategic and critical, and supplemental: The national strategic and critical stockpile is the repository for limited stocks of materials needed for use in a national emergency and which will not be available from sources which can be expected to be accessible in wartime.

The supplemental stockpile was established in 1954 by Public Law 480 as a repository for strategic materials which the United States might purchase with foreign currency. Materials obtained through the barter program have been transferrable to the stockpile since 1956. The materials in the supplemental

stockpile are, with a few exceptions, the same kinds and grades of strategic materials that are held in the national stockpile.

Subsidy: Direct financial aid granted by a government to an individual or a business enterprise for the purpose of promoting the public good. (Also see Export subsidy.)

Sugar program, U.S.: The U.S. sugar program is authorized under the Sugar Act of 1948, as amended. Public Law 89-331, approved November 8, 1965, extended the program through December 31, 1971.

The prime objectives of the sugar program, as set forth in the preamble of the Sugar Act, are to protect the welfare of sugar consumers and of those engaged in the domestic sugar industry, and to promote the export trade of the United States. Attainment of these goals involves (1) the determination of U.S. total sugar requirements; (2) establishment of quotas to domestic and foreign sugar supplying areas in accordance with the act; and (3) payments to domestic producers of sugarbeets and sugarcane grown for the production of sugar, provided producers comply with certain labor, wage, price, and marketing requirements prescribed by law.

Total U.S. sugar requirements were set in December 1965 at 9,800,000 short tons, raw value (see). Quotas announced by the Department of Agriculture at that time were as follows: DOMESTIC AREAS: Total, 6,390,000 short tons, divided among domestic beet sugar, 3,025,000; mainland cane sugar, 1,100,000; Hawaii, 1,110,000; Puerto Rico, 1,140,000; and the Virgin Islands, 15,000. FOREIGN COUNTRIES WITH SPECIFIED TONNAGES: 1,066,211 short tons divided between the Philippines, 1,060,860 tons and Ireland, 5,351 tons. FOREIGN WESTERN HEMISPHERE: 1,905,500 short tons, prorated on a percentage basis, among 19 Central American, Caribbean, and South American countries, of which Mexico, Dominican Republic, Brazil, Peru, and the British West Indies had the largest quotas. FOREIGN COUNTRIES OUTSIDE THE WESTERN HEMISPHERE: 438,289 short tons, prorated on a percentage basis among 9 foreign countries, of which Australia's quota of 168,754 was the largest. Requirements as of August 19, 1966, were established at the increased level of 10,275,000 tons.

Supplementary imports: See Imports, agricultural, U.S.

Surplus agricultural commodity: Usually defined as "any agricultural commodity or product thereof . . . produced in the United States, either privately or publicly owned, which is . . . in excess of domestic requirements, adequate carryover, and exports for dollars."

Surplus disposal: In the 1950's, agricultural surpluses began to build up rapidly in the United States and pressure developed for what came to be called, for a time, "surplus disposal." However, following passage of Public Law 480 (see) in 1954, the expression "surplus disposal" began to be heard less and less as it became apparent that use of U.S. food to prevent hunger and to promote economic growth in underdeveloped countries had humanitarian and economic values that far transcended the reduction of U.S. commodity stocks.

Synthetic fibers: See Manmade fibers.

Table: The infinitive "to table" means--at least in trade negotiation parlance--"to submit a proposal for discussion." For example, it might be said that "The United States tabled its trade offers at Geneva yesterday." Trade negotiators would readily understand that the United States had offered to make tariff concessions on imported goods in the hope of obtaining reciprocal treatment for exports of U.S. merchandise.

"To table," as used in the trade area, is of British origin. It means, to Britons, "to place on the agenda" as well as "to submit for discussion."

American usage varies sharply from the British--a circumstance that has led to considerable misunderstanding when general tariff negotiating rounds are in progress. In the United States, "to table" usually means "to postpone decision" or even "to abandon the proposal."

Taiwan: Also known as Formosa. The seat of the government of the Republic of China.

Tare: An allowance made for the weight of the package, container, or conveyance of goods. For example, the gross weight of a bale of cotton is made up of the lint weight of the fiber and the tare or weight of the packaging materials.

Target price: See Common agricultural policy terms.

Tariff negotiations: The process of coming to terms with trading partners on a fixed schedule of import duties to be levied in any exchange of specified goods. Also see General Agreement on Tariffs and Trade, Offer list, Across-the-board (linear) tariff negotiations, Confrontation and justification, Tariffs, duties, and levies, and Kennedy Round.

Tariff preference: See Tariffs, duties, and levies.

Tariff quota: See Tariffs, duties, and levies.

Tariff schedule of the United States (TSUS): See Tariffs, duties, and levies.

Tariff union: See Customs union.

Tariffs, duties, and levies:

Tariff: "Tariff" usually refers to a list or schedule of articles of merchandise with the rate of duty to be paid to the government for their importation. The U.S. tariff schedule lists hundreds of foreign-produced items on which the United States levies duties--automobiles, wine, cameras, farm products, and many others--and specifies the duty to be assessed against each item. But the word sometimes is used in the sense of a duty levied according to the tariff schedule; as "the tariff on wine." It also may be used to mean the law in which a schedule of duties is fixed and imposed.

Tariffs may be "protective"--designed to protect domestic production against the economic effects of imported goods, as contrasted with "revenue"--established to bring revenue to the government.

Tariffs also are classified with respect to their applicability to other countries.

A "general" tariff is one that applies to all countries not enjoying special tariff treatment. A general tariff usually is a "statutory" tariff--that is, a tariff established purely by law. If a country's tariff system is statutory only, it may be referred to as an "autonomous" tariff--or more popularly as a "single-schedule" or "single-column" tariff system.

A "conventional" tariff takes its name from the fact that it is established through negotiating "rounds" or "conventions" carried on by two or more countries. For example, a tariff schedule established through negotiation under the General Agreement on Tariffs and Trade (see) is a conventional tariff. Conventional tariffs, which embody the "most-favored-nation" principle (see), call for rates of duty which are lower than rates covered in the "general" schedules.

If the complete tariff system of a country embodies a general or statutory schedule together with an MFN schedule arrived at through negotiation, the country is said to have a "general and conventional" tariff system, though it is usually referred to as a "two-column" or "two-schedule" system. The United States employs, essentially, a two-column system.

The U.S. legislative procedure with respect to the statutory schedule is as follows: A tariff bill, being a revenue measure, must originate in the House of Representatives, where it is referred to the Committee on Ways and Means. Information on which to base legislation is obtained by extensive hearings and special investigations; also, the U.S. Tariff Commission (see) furnishes technical and economic information. If the House approves the measure, it is sent to the Senate, where it is referred to the Committee on Finance. When House and Senate agree on the tariff bill, it is sent to the White House for the signature of the President and thus becomes law.

Negotiation of the U.S. conventional or MFN schedule is carried on under the General Agreement on Tariffs and Trade. Duty rates thus negotiated are said to be "bound." A "bound" duty is also called a "binding." A binding, in effect, is a guarantee by each member to other members that the negotiated rate will not be changed without consultation and/or "compensation."

The GATT provides that negotiations may be carried out on a selective product-by-product basis or by the application of such multilateral procedures as may be accepted by the contracting parties concerned--as, for example, through across-the-board or linear negotiation. Such negotiations may be directed toward the reduction of duties, the binding of duties at then existing levels, or undertakings that individual duties or the average duties on specified categories of products shall not exceed specified levels. The binding against increase of low duties or of duty-free treatment is, in principle,

recognized as a concession equivalent in value to the reduction of high duties.

A few examples from the U.S. tariff will show the difference between rates in the MFN and statutory schedules:

Tariff Schedule of the United States (new) Item No.		Column 1 (most-favored-nation) Rates of Duty	Column 2 (statutory)
117.45	Roquefort cheese	20 percent ad val.	35 percent ad val.
167.30	Still wines	37½¢ per gallon	$1.25 per gallon
168.20	Brandy	$1.25 per gallon	$5.00 per gallon

In addition to the general and conventional schedules, countries may have one or more preferential tariff columns specifying rates of duty lower than the MFN rate. A "preferential tariff" is one that favors one country or countries over other countries. For example, the United Kingdom gives preferential tariff treatment on some commodities imported from British Commonwealth countries over the same commodities imported from other supplying nations. The United States grants preferential tariff treatment to the Philippines. France, Benelux, and some Latin American nations are among others granting preferences. The GATT endorses the MFN principle but grants exceptions to countries which had preferential tariff arrangements in effect prior to the negotiation of the GATT in 1947.

The complete tariffs of countries granting MFN and preferential treatment often are referred to as "three-column," "four-column" or, as in the case of New Zealand, "five-column" tariffs. A tariff system embodying two or more schedules also may be referred to as "multiple" or "multilinear."

Other tariffs include:

AMERICAN SELLING PRICE TARIFF: A valuation procedure of the United States under which the U.S. wholesale price of certain products, notably chemicals, is used instead of the foreign price in arriving at the customs duty to be assessed.

COMMON EXTERNAL TARIFF (CXT): A tariff rate applied by a regional grouping of countries as a unit. For example, the European Economic Community plans by 1970 or earlier to allow free trade in agricultural commodities among member countries, but to apply common external tariffs against many farm products imported from non-member or "third" countries.

DIFFERENTIAL TARIFF: A tariff established to favor or prejudice the importation of particular goods, or grades of a given article, in a special degree, on grounds peculiar to those goods, or the circumstances attending their importation; or to favor or prejudice importation in a special degree on grounds peculiar to the source from which they come, or on both of these grounds.

A differential tariff is a preferential tariff. It might be preferential with respect to certain goods or preferential with respect to the goods of certain countries--or both. Similarly, an above-normal rate also is a differential tariff. It may discriminate against goods or goods of particular countries--or both.

FLEXIBLE TARIFF: A tariff permitting equalization of differences in the cost of domestic- and foreign-produced goods. For example, Section 315, U.S. Tariff Act of 1922, provided that the President had power "to ascertain the differences in costs of production of domestic articles and of like or similar imported articles and to proclaim the changes in classification or increases or decreases in rates of duty which may be necessary to equalize the differences in costs thus ascertained." The Tariff Act of 1930 (the so-called Hawley-Smoot Act) contained essentially the same provision.

MAXIMUM and MINIMUM TARIFFS: These involve the establishment of two more or less complete schedules, one containing maximum and the other minimum rates for the articles on the tariff list. The rates of both schedules may be identical for some items. Sometimes the minimum item is broken up into a number of rates while the maximum opposite is not so divided. Or the reverse may be true. The greater specialization of rates in one column is usually due to the desire of a government to discriminate closely.

SLIDING SCALE TARIFF: Duties that vary with the current prices of the articles imported. The duties may be ad valorem or specific. The usual practice is to reduce the duties as prices decline.

TARIFF QUOTA: A tariff that has a lower rate during a specified period until a predetermined quantity of the commodity has entered the customs area. At that point, the rate is increased.

TEMPORARY TARIFF SURCHARGE: An increased tariff charge levied by a country for a relatively short period to cope with a temporary situation. For example, the United Kingdom between October 1964 and December 1966 levied a temporary surcharge of 15 percent, later reduced to 10 percent, on the c.i.f. value of most imports from all countries. This surcharge was aimed at improving the British balance of payments position.

VALUATION TARIFF: A type of tariff under which articles are divided into a number of classes, for each of which a distinct rate of ad valorem duty is prescribed. The duty is then assessed according to the fixed schedule of values drawn up by the government or special commissions. The valuation tariff does away with the chief advantage usually attributed to the use of ad valorem rates of duty; namely, their fairness in proportioning the duty to the actual value of the goods imported. Under the valuation tariff, the actual value of the particular shipment is disregarded, and for all articles and all grades falling under a single tariff item, the duty is assessed on the official valuation prescribed. The valuation tariff, therefore, in effect converts nominal ad valorem rates of duty into specific rates.

Duty: A "duty" is the amount assessed by a country in accordance with its tariff schedules and paid by the importer of the foreign-produced item. A tariff usually provides for duties of three types. An "ad valorem" duty is levied in proportion to the value of the imported item. A "specific" duty is based on a standard other than value--for example, a specific amount per pound, per ton, per gallon, etc. A "compound" or "mixed" duty is a combination of ad valorem and specific duties. The U.S. tariff schedule employs all three types.

Other types of duties include:

ANTI-DUMPING DUTY: A duty which attempts to discourage or prevent dumping. The usual aim is to levy a duty that equals the difference between the selling price of the goods in the country of origin and the selling price in the importing country. For example, Country A may manufacture an item and sell it within Country A for $2, but may export the item to Country B for sale within that country for only $1. To prevent dumping of the item, Country B may levy an anti-dumping duty of $1, which would equalize the selling price of the item in both countries.

COMPENSATORY DUTY: Sometimes levied on imported manufactured articles to offset the increased costs of a domestic manufacturer of similar articles when such costs are attributable to a tariff on the raw materials used by the domestic manufacturer.

Example: At one time the U.S. duty on wool was 3 cents a pound. Because it takes about 4 pounds of wool to produce 1 pound of cloth, a compensatory duty of 12 cents a pound was placed on imported woolen cloth. At that point the domestic producer of wool cloth could compete on even terms with foreign manufacturers.

A compensatory duty also may be placed on an imported commodity in order to offset an excise tax on the same commodity produced in the importing country.

COUNTERVAILING DUTY: Levied by an importing country as a protective surtax to offset an export payment or subsidy paid by an exporting country. The term also is applied to a tariff duty levied on imported goods when the country of origin levies duties on similar goods imported by it.

Section 303 of the U.S. Tariff Act of 1930, as amended, provides for the assessment of countervailing duties when a bounty (subsidy) or grant is paid in the country of origin on dutiable merchandise imported into the United States. When assessed, countervailing duties are in addition to other duties normally paid, and are to be equal to the amount of the bounty or grant.

EXPORT DUTY: Some countries, notably in Latin America, levy export duties when the domestic price of a product is substantially below the world price. The export duty, therefore, becomes a source of revenue for the government.

The United States is prevented from levying export duties by a provi-

sion of the U.S. Constitution (Article I, Section 9) that "No tax or duty shall be laid on articles exported from any State."

Levy: "To levy"--the verb--means to assess or impose a duty. "Levy"--the noun--is synonymous with "duty."

"Tariff" and "levy," as nouns, are often used interchangeably for "duty." The words must be judged in the context within which they are used.

"Fixed duty" is an expression referring loosely to definite, negotiable ad valorem tariff rates and specific duties, such as are set forth in the U.S. Tariff Schedule, as contrasted with variable import levies. "Fixed duty" should be used cautiously, as an expression. Strictly speaking, only the specific duties listed in the tariff schedules are "fixed." Duties based on ad valorem rates vary in accordance with the value of the imported item.

The "variable import levy" is considered by the United States to be in the nontariff levy category. See Common agricultural policy terms, specifically VARIABLE IMPORT LEVY. Also see EEC grain import control system.

TEA: Trade Expansion Act of 1962 (see).

Tel quel: As is.

Temporary free importation to the United States under bond: Goods of certain classes, when not imported for sale or sale on approval, may be admitted into the United States without the payment of duty under bond for their exportation within 1 year from the date of importation. The 1-year period for exportation may, upon application to the collector of customs, be extended for one or more further periods not to exceed 2 years. The amount of the bond is $1\frac{1}{4}$ times the estimated duties.

Temporary tariff surcharge: See Tariffs, duties, and levies.

Tender: In commodity trade, a notice of intent to buy. A tender may be quite simple. Also, it may be complex--spelling out in detail quantities that will be purchased, quality desired, type of packaging required, method of delivery, country of origin, et cetera.

Terms of delivery: Relate to the delivery point where title and risk of loss on a shipment of goods pass from seller to buyer. This may be the point of shipment, point of delivery, or some place between, as, for example, "Ex Warehouse" (named point of origin); "F.O.B." (named port); "F.A.S. Vessel" (named port of shipment); "C.I.F." (named point of destination); "Ex Dock" (named port of importation).

Terms of sale: Basic terms include such items as quantity, quality, price, terms of delivery, shipment or delivery period, insurance, payment, commission, controllers, and various special clauses.

The National Foreign Trade Council warns that there should be clear under-

standing by all parties of all sales terms used. This traces to the fact that some expressions have several meanings. For example, "hundredweight" can be 100 pounds or 112 pounds--and "ton" can be 2,000 pounds; 2,204.6; or 2,240. Also, there should be mutual agreement as to the meaning of abbreviations, such as C.I.F.; C.I.F. & C.; and C.I.F.C. & I., inasmuch as courts of various countries of the world have interpreted these definitions in different ways.

Terms of trade: Refers to the relationship between the general level of export and import prices of a country or region. If export prices received are higher than import prices paid, the terms of trade are said to be "favorable." When the reverse is true, the terms of trade are "unfavorable."

Terms of trade are measured by dividing indices of export prices by indices of import prices to arrive at export-import price ratios. For example, if a country's index of prices paid for imports is 98 percent of a given base period, and the index of prices received for exports is 102, the export-import price ratio--or terms of trade--is 96.

The U.S. Department of Agriculture reported in its 1967 World Agricultural Situation that the terms of trade for developed countries in 1966 was 104 percent of 1958, and for less-developed countries 97 percent of the 1958 level.

Textile Fiber Products Identification Act, U.S.: All textile fiber products imported into the United States shall be stamped, tagged, labeled, or otherwise marked with certain information required by the Textile Fiber Products Identification Act. These requirements include the generic names and percentages by weight of the constituent fibers if of more than 5 percent by weight; the name of the manufacturer, or the name or registered identification number issued by the Federal Trade Commission, or a word trademark registered in the U.S. Patent Office if the owner of the trademark furnishes a copy of the registration to the Federal Trade Commission prior to its use; and the name of the country where the textile fiber is processed or manufactured.

Third country: A country not a party to a regional arrangement or a bilateral agreement. For example, in trade relations with the European Economic Community, the United States occupies the position of a "third country."

Threshold price: See Common agricultural policy terms, and also EEC grain import control system.

Tied offset: In Public Law 480 sales agreements, the requirement that any commercial exports by the assisted country of the same or like commodities shall be offset by equivalent commercial purchases from the United States.

Tied sales: In Public Law 480 sales agreements,the requirement that a specified amount of the required commercial purchases from Free World sources shall be from the United States. This requirement is employed to protect the normal commercial marketings of the United States and prevent their displacement by concessional sales. This requirement is sometimes referred to as "tied usuals."

Titles I, II, III, and IV: See Public Law 480.

Tobacco Seed and Plant Exportation Act: Makes it unlawful to export any tobacco seed and/or live tobacco plants from the United States or its Territories to any foreign country, port, or place without a written permit granted by the Secretary of Agriculture. The Secretary grants such a permit only after satisfactory proof that the seed and/or plants are to be used only for experimental purposes.

Ton: See Conversion factors.

Trade: In the broad sense, the exchange of commodities by sale or barter. "Trade" standing alone does not necessarily mean "foreign" trade. Used in the sense of trade among countries, "trade" should be qualified with an adjective such as foreign, internatinal, export, import, et cetera.

Trade adjustment assistance: A program of governmental assistance to help workers, firms, and industries adjust to increased imports resulting from tariff concessions. The program is authorized by the Trade Expansion Act of 1962 (see).

Trade barriers: See Nontariff barriers to international agricultural trade.

Trade Expansion Act of 1962 (TEA): Provides authority to: (1) Enter into trade agreements; (2) change duty rates; and (3) assist industries, firms, and workers seriously injured by reason of increased imports resulting from concessions made under the act. Overall, the Trade Expansion Act provides considerably broader authority than was contained in the Reciprocal Trade Agreements Act of 1934, which expired June 30, 1962.

The TEA, which authorizes negotiation of trade agreements during the period July 1, 1962--June 30, 1967, permits cuts of 50 percent in any duty rate existing on July 1, 1962 (and an increase of 50 percent in any duty rate in effect July 1, 1934.) However, cuts beyond 50 percent--all the way to zero, as a matter of fact--may be made pursuant to a trade agreement with the EEC on categories of industrial products of which the United States and the EEC together account for 80 percent or more of "aggregated world export value," and on any agricultural commodity if the President finds that the agreement will tend to assure the maintenance or expansion of U.S. exports of the like article. The zero authority also may be used in the case of tropical agricultural and forest commodities not produced in the United States in significant quantities, provided the EEC takes parallel action and on articles for which the duty rate on July 1, 1962, was not more than 5 percent.

The TEA strengthens the hand of the United States in dealing with foreign import restrictions. The United States, for example, may impose duties or other import restrictions on the products of any country establishing or maintaining unjustifiable import restrictions against U.S. agricultural products; to deny the benefits of existing trade agreement concessions or to refrain from proclaiming the benefits of any new concession to any foreign country which maintains non-tariff trade restrictions, including variable import fees, or engages

in discrimination or other acts, or maintains unreasonable (though not necessarily illegal) import restrictions.

The Act authorizes relief to industries, firms, or workers upon a finding by the U.S. Tariff Commission that as a result in major part of TEA concessions an article is being imported in the United States in such increased quantities as to be the major factor in causing or threatening serious injury to the industry, firm, or workers producing a like or directly competitive article. The relief may be by way of a modification in the import duties, the application of import controls, or through adjustment assistance to individual firms and workers.

Among other provisions of the TEA are those providing for appointment of a Special Representative for Trade Negotiations (see), establishment of an Interagency Trade Organization (see), affirmation of the most-favored-nation principle, and denial of trade agreement concessions to products, whether imported directly or indirectly, from any country or area dominated or controlled by Communism.

Trade Information Committee: An interagency committee established by the Office of the Special Representative for Trade Negotiations, and chaired by a member of the Special Representative's staff. Other members of the committee represent the Departments of Agriculture, Commerce, Defense, Interior, Labor, State, and Treasury.

Transire: A customs document describing the cargo, consignors, and consignees for clearance and entry of coasting vessels.

Transition period: See European Economic Community.

Trigger quantity: See Meat Import Law.

TSUS: Tariff schedules of the United States (see).

TT: Telegraphic transfer.

UAM: The African and Malagasy Union, also known as the Brazzaville Twelve. It was founded in 1961 with 12 members: Cameroon, Central African Republic, Chad, Congo (Brazzaville), Dahomey, Gabon, Ivory Coast, Malagasy Republic, Mauritania, Niger, Senegal, and Upper Volta. Economic functions of the UAM cover three major areas: Economic and social development; foreign commerce, including tariff problems, possibility of enlarging the free trade zone, and development of a common market; and fiscal and monetary affairs. A uniform customs code has been planned as a first step toward a common market. Headquarters: Cotonou, Dahomey.

UDE: Equatorial Customs Union (see).

UDEAC: Central African Economic and Customs Union (see).

U.K.: United Kingdom (see).

U.K. bilateral grains agreements: Negotiated by the United Kingdom in 1964 with its grain suppliers (including the United States), these agreements set forth the U.K.'s basic intention of (1) maintaining a reasonable balance between domestic production and imports, and (2) assuring foreign suppliers a share of growth in the U.K. grain market. However, since the agreements were signed, U.K. grain imports, reflecting increased U.K. grain production, have not been maintained at the base period import volume of 9 million long tons specified at the time the agreements were negotiated. Efforts of the U.K. to take "corrective action" in the form of reduced price guarantees to producers have failed to stem production gains--and decreases in the volume of grain imports.

UN: United Nations (see).

UNCTAD: United Nations Conference on Trade and Development (see).

Underdeveloped countries: See Less-developed countries.

Unfair foreign competition: International trade practices commonly considered as constituting unfair competition include use of bounties, open or concealed; dumping; counterfeiting and imitating the goods of a foreign competitor; artificial depression of prices by organized buyers; espionage carried out through foreign banks, and otherwise; ship subsidies granted by a government on the understanding that lower shipping rates or preferential service will be given to citizens of the country granting the subsidies, and other kinds of preferential transportation rates; other discriminations in transportation conditions; full-line forcing--the importation of merchandise under agreement that the purchaser shall be restricted in using, purchasing, or dealing in the products of competing firms; unfair use of cable control; breach of contract, bribery, threats, disparagement of goods, false and misleading advertising, boycotts.

Unfriendly country: See Friendly country.

Unilateral: An action taken by a country acting singly. For example, the imposition of an import quota by a country without consulting other countries affected by the quota would be termed a unilateral action.

United Kingdom (U.K.): The name properly is "United Kingdom of Great Britain and Northern Ireland." It is composed of Great Britain (England, Wales, and Scotland) and Northern Ireland, which has a separate Parliament.

United Nations (UN): The UN is an international organization aimed at maintaining peace and security among nations. It functions in the economic, social, cultural, and humanitarian areas. It was organized in October 1945. Headquarters: New York City.

Six main organs make up the UN -- General Assembly, Security Council, Economic and Social Council, Trusteeship Council, International Court of Justice, and Secretariat. Subsidiary bodies of the main organs which are of concern to agriculture include the Commission for International Commodity Trade, Economic Commission for Africa, Economic Commission for Asia and the Far East, Economic

Commission for Europe, Economic Commission for Latin America, UN Expanded Program of Technical Assistance, UN Special Fund, UN Childrens Fund.

"Specialized agencies" of the UN include International Bank for Reconstruction and Development; International Civil Aviation Organization; UN Educational, Scientific, and Cultural Organization; Food and Agricultural Organization; International Finance Corporation; International Labor Organization; Intergovernmental Maritime Consultative Organization; International Monetary Fund; International Telecommunication Union; Universal Postal Union; World Health Organization; World Meteorological Organization.

United Nations Conference on Trade and Development (UNCTAD): Held in Geneva, Switzerland, in the spring of 1964, UNCTAD grew out of the efforts of the less-developed countries to change the existing structure of international trade which they contend is designed to meet the needs only of the developed countries. Some 2,000 delegates attended from 119 countries. Among problems discussed and studied were: Raising prices of export products; gaining increased access to markets for both primary and manufactured goods; closing the gap caused by unfavorable terms of trade; and establishing a new trade forum.

The Conference adopted a major, two-part recommendation of interest to agriculture. One part provided guidelines for international commodity arrangements; the other was an action program to reduce tariffs and nontariff barriers imposed on products of developing countries. The Conference proposed, among other recommendations, that the cash component of the present World Food Program (see) be increased to permit the purchase of needed foodstuffs from developing countries; a proposal to mitigate the impact of synthetics on the industries of developing countries; and a proposal that the developed countries grant the less-developed countries preferences on semi-manufactured and manufactured products.

The United States supports such action to assist the developing countries as expanded market opportunities, reduction and eventual elimination of trade barriers, and, where practicable, use of international commodity arrangements on a commodity-by-commodity basis. President Johnson said, in April 1967 at Punta del Este, Uruguay, that "we are ready to explore with other industrialized countries--and with our own people--the possibility of temporary preferential tariff advantages for all developing countries in the markets of all the industrialized countries."

Continuing machinery has been established. Plans call for the Conference to meet at intervals of not more than 3 years, the next session to be in 1968. The permanent executive body is a Trade and Development Board meeting twice a year and composed of 55 members elected by the Conference.

U.S. export financing: Export trade, as contrasted with domestic merchandising, usually calls for selling on relatively long terms. This feature of export trade increases the need for financing. Some of the financing methods used include:

CASH SALES: Usually insisted upon by exporters who are not sure of the financial standing of their foreign customer, or who are in doubt about the foreign exchange situation in their customer's country.

CONSIGNMENT SALES: Shipment of goods to a foreign importer, agent, or branch office by an exporter in the expectation that the goods will be sold and payment made.

DRAFTS (BILLS OF EXCHANGE): Drawn by an exporter on his foreign buyer--through a bank--for the value of the shipment. It may be drawn at "sight"; that is, calling for immediate payment, or "date"--calling for payment on or after a stipulated date. An "arrival draft" calls for payment upon arrival of the merchandise.

A "clean draft" is drawn without collateral documents. A "documentary draft" is supported by such papers as the bill of lading, insurance certificates, consular invoice, et cetera.

A draft on which the buyer acknowledges his responsibility to pay--by signing his name and the date--is called a "trade acceptance." A draft on which a bank acknowledges responsibility to pay is called a "banker's acceptance."

FACTORING: A factor is one who does financial business for another. Factoring facilitates selling on open account to foreign customers. The factor takes full title to accounts receivable, thereby relieving the exporter of political and credit risk.

GUARANTIES: Guaranties can take many forms. A letter of credit is a type of guaranty by a bank. Other forms include government, such as the political risk guaranties of the Export-Import Bank (see); personal; and corporate. Insurance of commercial credits can be obtained from one of several commercial insurance firms.

LETTER OF CREDIT: An assurance--obtained from a bank (American or foreign) by a foreign purchaser--that the bank will pay an exporter up to a certain amount for goods shipped if the purchaser doesn't. A letter of credit eliminates risk to exporters in almost the same degree as a cash transaction.

The letter of credit has four forms: Irrevocable--issued by an American bank; irrevocable--issued by a foreign bank and confirmed by an American bank; irrevocable--issued by a foreign bank; and revocable--issued either by an American or foreign bank.

OPEN ACCOUNT: Akin to the householder's "charge account" at the department store. Exporters usually extend this privilege only to excellent-credit-risk customers in hard currency countries that have no exchange restrictions. The seller usually carries the financing on the basis of 90-120 days.

U.S. Tariff Commission: Investigates and reports on tariff and foreign trade matters. Most investigations are made at the request of the President

and of the Congress. Investigations into the effects on domestic industries of increased imports resulting from trade agreement concessions also may be initiated by an industry, firm, group of workers, or other interested parties. The Commission makes studies, surveys, or investigations on its own initiative.

The investigations of the Commission relate to the trade agreements program, dumping, import interference with agricultural programs--forbidden by Section 22, Agricultural Adjustment Act of 1933 (see), matters of specific interest to the President or Congress, tariff schedules and classification, differences in costs of foreign and domestic production, and unfair practices in export trade. Headquarters: Washington, D.C.

U.S. Trade Centers: Overseas U.S. "show-and-sell" facilities which provide opportunities for American businesses to show their wares, make sales, and arrange for foreign representation.

The U.S. Departments of Agriculture and Commerce jointly operate the Centers in London, Milan, and Tokyo. Unlike trade fair exhibits, the Centers are permanent installations. Also unlike trade fair exhibits, the Centers are not open to the general public; the Centers are aimed primarily at reaching the distributive trades rather than individual consumers.

Usual marketings: That quantity of a commodity which a country would be expected to obtain from abroad, using its own financial resources, in the absence of imports obtained under concessional arrangements, such as grain purchased with local currencies under a P.L. 480 agreement with the United States.

Validated license: See Export control of U.S. agricultural exports.

Valuation tariff: See Tariffs, duties, and levies.

Variable import levy: See Common agricultural policy terms, and also EEC Grain import control system.

Variety meats: Edible organs of livestock such as brains, sweetbreads, kidneys, hearts, livers, tongues, tripe--foods not part of the carcass. Variety meats also are referred to as "edible offal."

Vessel fixture: A contract for the use of an ocean-going vessel. (Also see Charter party.)

Visible items of trade: See Items of trade.

WACU: West African Customs Union (see).

Warsaw Treaty Organization: The unified military command established by the Soviet Union and other Eastern European countries through the signing of the Warsaw Pact in May 1955. The Treaty was a 20-year mutual defense plan signed by Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Romania, the Soviet Zone of Germany, and the U.S.S.R. But Albania, in recent years, has increasingly aligned itself with Communist China rather than with the U.S.S.R. (Also see Soviet Bloc.)

West African Customs Union (WACU): Made up of Dahomey, Ivory Coast, Mali, Mauritania, Niger, Senegal, and Upper Volta. Headquarters: Ouagadougou: Upper Volta.

The WACU has two separate basic import levies, the fiscal import duty, which averages between 10 and 15 percent of the c.i.f. value (Mali from 5 to 25 percent), and the customs duty, which for most goods is within the range of from 5 to 25 percent (Mali 2 to 25 percent). Except for a few specified products, the fiscal import duty is levied uniformly on all goods, regardless of source or origin. The customs duty is an additional levy assessed only on goods of non-franc zone origin.

Goods of franc-zone origin are not subject to the customs duty. Goods originating in the countries of the EEC other than France are dutiable at 40 percent less than the minimum tariff. Mali is an exception: In addition to exempting franc-zone imports from customs duties, Mali extends most-favored-nation treatment to all the countries of the EEC; to Ghana, Guinea, Morocco, and the United Arab Republic; and to most Communist countries.

West Asia and Western Asia: See Middle East.

West Germany: See Federal Republic of Germany.

Western Europe: Usually refers to all non-Communist European countries.

Western European Union (WEU): An organization of seven member countries--France, West Germany, Italy, Belgium, The Netherlands, Luxembourg, and Great Britain. Headquarters of secretariat: London, England.

The WEU was started in 1948 as the Brussels Treaty Organization (BTO), consisting of Belgium, France, Great Britain, Luxembourg, and The Netherlands. In 1954, when the European Defense Community failed of ratification by the French National Assembly, West Germany and Italy sent representatives to the BTO and the WEU was organized. Its aims are to establish a joint defense plan, control the level of armed forces maintained by members, promote mutual defense, coordinate economic activities; raise standards of living, and promote cultural exchanges.

Following the French veto of Great Britain's bid for membership in the EEC, the WEU, like the Council of Europe, has become a point of contact between Great Britain and the EEC on economic and political matters.

Western World: Generally used in the same sense as Free World (see).

World Bank: See International Bank for Reconstruction and Development.

World Food Program (WFP): A multinational food aid program administered by the Food and Agriculture Organization and the United Nations. Headquarters: Rome.

The program was established in April 1962 to operate on an experimental

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basis for three years. But in December 1965, FAO and the UN determined that its life would be extended "on a regular and continuing basis." The program uses food in multilateral economic development, child feeding, and emergency operations. Programs currently are being carried on in 68 countries.

For the three years, 1966-68, the United States has pledged up to $92 million in commodities, $32 million in services, including transportation, and $6 million cash, based on a matching formula under which the United States will provide up to 50 percent of commodity aid and 40 percent of cash and services. U.S. contributions are authorized by Title II, Public Law 480, as amended by the Food for Peace Act of 1966, which states in part that it is the sense of the Congress that the World Food Program should be expanded beyond its present goals. In addition to the United States, 65 other countries have pledged commodities or cash.

World price: Often refers to the c.i.f. price of an imported agricultural commodity at the principal port of importation of a major importing country or area. For example, the spot price of sugar, 96 degrees, c.i.f. U.K. ports, bulk basis, as quoted daily by the London Terminal Association, is generally considered a "world price." Similarly, the prices of a specified origin, grade, and type of wheat, as, for instance, "U.S. No. 2 Hard Winter, 14 percent protein," c.i.f. Rotterdam or c.i.f. Liverpool may be considered world prices.

An export price also can serve as a world price. For example, the spot price of sugar, 96 degrees, bagged, Greater Caribbean Area, f.o.b. and stowed, as quoted daily by the Spot Price Committee of the New York Coffee and Sugar Exchange, is considered by some in the trade to be a world price. It is, of course, on a lower level than the c.i.f. U.K. ports price mentioned above--the difference between the two series representing in large part the cost of ocean freight minus bagging.

World prices are free of such charges as export and import duties, and export subsidies.

W/R: Warehouse receipt.

Zollverein: The German word for a customs union. Such unions were formed in 1833 between Prussia and various independent German states which agreed to impose no tariff duties among themselves, and to adopt uniform duties applicable to the rest of the world. (Also see Customs union.)